U. S. DEPARTMENT OF ENERGY

WORKING CAPITAL FUND

Guide to Services, Policies, and Procedures

December 2002

Contents

Introduction to the December 2002 Blue Book

The Working Capital Fund creates a market-like financial framework for common administrative services, allowing customers to become cost-conscious in selecting the mix and level of support that will best service the mission needs of their organization. The success of the Fund in reducing the costs of this support is linked directly to the ability of customers to understand the resource implications of their choices, and the purpose of the Blue Book is to describe the current pricing policies of the Working Capital Fund Board in ways that support customer understanding. As noted in the FY 2002 Fund Manager's report, an Environmental Protection Agency survey of Federal working capital funds concluded that the DOE fund had placed the highest emphasis on communication between customers and suppliers; the clear definition of pricing methodologies is the key to continued success in this area.

The first "Blue Book" (1997) was promoted by Pete Richards, formerly of the Fund staff, as a way of collecting, in a single hard-copy volume, all relevant WCF information for use by customers, suppliers, and the Fund staff itself. Over time, as the Fund matured, the volume expanded to cover financial procedures, changes in Board membership, new budget projections, and the like. The Blue Book became so comprehensive that the USDA Graduate School instructor used it, rather than her usual curriculum materials, when she gave courses for DOE employees.

We are maintaining much of the structure Pete developed in this December 2002 edition because, among other things, the Board has asked the Fund staff to organize another round of training for customers in 2003. However, with the advances in the use of web-based technology for communications between businesses and customers, this may be the last hard-copy version of the Blue Book in the current form. Most of the separate "businesses" in the Fund are maintaining web sites in conjunction with their parent organizations, and we have moved to electronic billing for the Fund itself. Therefore, over the coming months, we will be reorganizing the WCF home page http://ma.mbe.doe.gov/wcf/ to convert much of the Blue Book material to a more accessible form, with links to other home pages.

We welcome questions and comments, either about current service offerings and pricing policies or about the format and content of the Blue Book itself. Please feel free to contact Howard Borgstrom (6-5923), Bob Emond (6-3254), Roscoe Harris (6-5527) or any of the business line points-of-contact listed in the text.

Howard G. Borgstrom
Working Capital Fund Manager
Office of Finance and Accounting Policy
Office of Management, Budget and Evaluation/CFO

WORKING CAPITAL FUND ORGANIZATION

- The Working Capital Fund organization supplements other DOE organizational arrangements.

- Pricing policy development and oversight are vested in the Working Capital Fund Board, appointed by the Deputy Secretary. The Board supports its policy role through the Fund Manager, Board Secretary, functional Working Groups, and the Dispute Resolution Council. Board members have identified alternates who frequently attend Board meetings. Meetings are open to representatives of the NTEU, the Office of Management and Budget, and interested program representatives. Minutes are published on the WCF Home Page, http://ma.mbe.doe.gov/wcf/ .

- Line responsibility for delivery of services is assigned to Business Line Service Managers, who report through the normal chain of command.

- Financial responsibility has been delegated to a Fund Manager and to Business Line Fund Managers, who are responsible for billing and associated activities.

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- The Chief Financial Officer responsibilities for the Fund parallel those for other Headquarters DOE functions. The Fund Manager is the Director, Office of Working Capital Fund (ME-15) in the Office of Finance and Accounting Policy (ME-10) within the Office of Management, Budget and Evaluation/Chief Financial Officer (ME-1). The Director, ME has designated the Fund Manager as Acting Chair of the Working Capital Fund Board.

WORKING CAPITAL FUND BOARD CHARTER

(Approved April 1, 1996)[1]

Goals

The goals of the Working Capital Fund ("Fund") include:

(1) Increasing the efficiency of the Department's operations by having the cost of administrative services reflected in day-to-day decisionmaking by program managers;

(2) Improving the management of administrative services through use of flexible and business-like financing methods; and

(3) Providing an accurate full-cost budget for programs and activities, including indirect costs wherever possible.

Functions

The Working Capital Fund Board ("Board") shall provide policy oversight and direction concerning:

(1) Designation of activities to be included in the Fund;

(2) Policies for establishing user charges for the Fund; and

(3) Establishment of overall financial policies for the Fund and customer feedback for the activities included in the Fund.

The Board is intended to supplement, not supplant, program management and fiscal management responsibilities of the Director of Management, Budget, and Evaluation/CFO and the Chief Information Officer.

Nothing in this charter will limit authority of the Secretary, Deputy Secretary or Under Secretary to fulfill their management oversight responsibilities for the Department of Energy.

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1 The charter has been updated only with respect to organization names and titles.

Membership

The membership of the Board is appointed by the Deputy Secretary. Members are expected to represent the whole of the Department rather than their individual program interests.

The membership of the Board includes:

(1) The Director of Management, Budget, and Evaluation (or designee) who will chair the Board;
(2) The General Counsel (or designee);
(3) One representative of an Office funded from the Departmental Administration appropriation, designated on a rotating basis by the Deputy Secretary;
(4) Five representatives of other Departmental Elements, designated on a rotating basis by the Deputy Secretary;
(5) Such further representation as the Deputy Secretary may prescribe.

The representative selected by the Deputy Secretary shall, to the extent practicable, serve for two-year overlapping terms.

The chair shall appoint a Secretary to the Board and may appoint such other officials and establish working groups as necessary to carry out the functions of the Board.

Meetings

(1) The Board shall meet at the call of the chair.
(2) Meetings will typically be held quarterly, or more often as may be necessary.
(3) Meetings will be open to attendance from Departmental Elements not directly represented on the Board.
(4) Written records of meetings shall be maintained.
(5) To the extent practicable, the Board shall operate on a consensus basis but any member may call for a vote, at which time a decision will be made by a majority of those present and voting.

WORKING CAPITAL FUND BOARD MEMBERSHIP

Chair:
Director, Management, Budget and Evaluation/CFO
Bruce M. Carnes

Permanent Member:
General Counsel
Lee Otis

Revolving Members:

Under Secretary for Nuclear Security/ Administrator for National Nuclear Security Administration
Linton F. Brooks (Acting)

Assistant Secretary, Environment, Safety and Health
Beverly A. Cook

Administrator, Energy Information Administration
Guy F. Caruso

Director, Science
Raymond L. Orbach

Assistant Secretary, Fossil Energy
C. Michael Smith

Assistant Secretary, Environmental Management
Jessie H. Roberson

Assistant Secretary, Energy Efficiency & Renewable Energy
David K. Garman

Director, Nuclear Energy, Science and Technology
William D. Magwood

Director, Office of Security
Joseph S. Mahaley

Chief Information Officer
Karen S. Evans

Assistant Secretary for Policy and International Affairs
Vicky A. Bailey

Director, Office of Independent Oversight & Performance Assurance
Glenn S. Podonsky

Board Secretary:
Robert F. Emond

WCF DISPUTE RESOLUTION COUNCIL

CHARTER:

The Working Capital Fund Dispute Resolution Council (Council) is established to resolve disputes between Working Capital Fund (Fund) customers and the Fund Manager. The Council shall establish its own schedule and operating procedures necessary to carry out its business. The Council may recommend revisions to this Charter deemed necessary to carry out its duties.

1. The Council will be established by majority vote of the Executive Board (Board) and shall be chaired by a representative of the Office of Hearings and Appeals nominated by the General Counsel Board member and approved by majority vote of the Board.

2. The Council will be comprised of the Chairperson and voting members from four Program Offices either (a) nominated by the Board from a list of volunteer received, or (b) selected at random by the Board and approved by majority vote of the Executive Board. Program Office representatives shall serve one year terms and these representatives will be selected on a rotating basis. The Council may seek advice on legal matters from the Office of General Counsel and on budgeting and accounting matters from the Chief Financial Officer as necessary. If a dispute involves an organization represented on the Council, that member will recuse him/her self from participating in resolution of that issue and will not vote on the issue.

3. When Fund customers have disputes that are not resolved with the Fund Manager in a timely manner, either the customer's authorized resource manager, Senior Program manager, or the Fund Manager may request that the Dispute Resolution Council review the disputed matter. Disputes will be presented in writing in a short memorandum format which will be prescribed by the Council. The Council will notify all affected parties and provide them with copies of each dispute as soon as possible after receipt.

4. The Council will explore options for a satisfactory resolution of those disputes referred to it and determine a recommended solution. The Council

Chair will finalize the Council's findings and recommendation for solution within 30 days of receipt of the dispute and present them to the Executive Board as soon as possible.

5. The Executive Board will decide by majority vote whether or not to accept the recommended solution. If the Board requests additional information, the Fund Manager and/or the customer will provide the information as soon as possible. The Board may seek advice from the General Counsel, the Chief Financial Officer, or other sources as necessary. The decision of the Board is final and shall be binding on the Fund Manager and the customer.

COUNCIL MEMBERSHIP:

Chair:
Richard Tedrow, HG, (202) 426-1659

Members:
Barbarra Male, EM, (202) 586-1665
Roger Lewis, DP, (301) 903-5553
Gail Stern, FE, (301) 903-4293
Fred Glatstein, EE, (202) 586-9262

Staff:
Bob Emond, ME-15 (202) 586-2354

WCF MANAGEMENT

ROLE	NAME	TELEPHONE
	Fund Management	
Fund Manager, Acting Board Chair	Howard Borgstrom (ME-15)	(202) 586-5923
Financial Manager	Bob Emond	(202) 586-3254
Billing	Roscoe Harris	(202) 586-5527

Business Line Management

ROLE	NAME	TELEPHONE
Administrative Services		
Business Line Fund Manager	John N. Harrison	(202) 586-3611
Business Line Service Managers		
Building Ocucpancy	Louis A. D'Angelo	(202) 586-6080
Supplies	Virginia Bitler	(202) 586-1619
Graphics	William C. Talbot	(202) 586-2732
Printing, Mail, and Copying	Mary R. Anderson	(202) 586-2129
Information Management		
Business Line Fund Manager	Ann Warnick	(301) 903-3056
Business Line Service Manager	Gordon Errington	(301) 903-9595
Service Points-of-Contact		
Virus Protection	Cliff Hoyt	(301) 903-8708
Technical Training	Penny Gardner	(301) 903-5413
Workstation Maintenance	Don Reed	(301) 903-2372
Adaptive Technology	Alton McPhaul	(202) 586-1342
Telephone	Judy E. Saylor	(301) 903-4999
	Diane McDonough	(301) 903-2711
Networking	Rich Otis	(301) 903-5310
	Rickey Hall	(301) 903-8022
Contract Closeout		
Business Line Fund Manager	Jeffrey Rubenstein	(202) 287-1516
Service Point-of-Contact	Deborah D. Black	(202) 287-1416
Payroll		
Business Line Manager	George Tengan	(301) 903-5878
CHRIS		
CHRIS Project Manager	Michael B. Fraser	202-586-1910
HRMS and Benefits Team Leader	Enid Levine	202-586-1194
On-Line Learning Center		
Business Line Manager:	Tanya Luckett	202-287-1655

WORKING CAPITAL FUND FINANCIAL POLICIES AND PROCEDURES

Since the inception of the Fund in 1997, the Working Capital Fund Board, the Chief Financial Officer, and the parent organizations of Fund businesses have promulgated policies and procedures on a variety of topics concerning the financial management of the Fund. In addition to documenting methods for day-to-day operation of the WCF businesses and the monthly billing system, these procedures have been developed to respond to audit findings and recommendations of the DOE Inspector General and to criteria set forth in congressional committee language.

This document is intended to organize the policies and procedures into a single reference for use by customers and business line managers as well as by financial management and accounting officials. This Section is revised to incorporate provisions of FASAB's Statement of Federal Financial Accounting Standards (SFFAS) No. 10, ACCOUNTING FOR INTERNAL USE SOFTWARE. Starting with October 1, 2001, if the Working Capital Fund acquires internal use software, it will be subject to the requirements of SFFAS No. 10, which is effective for FY 2001.

SFFAS No. 10 defines internal use software as Property, Plant, and Equipment (PP&E) and requires agencies to capitalize and depreciate it. Previously, such software was expensed. Although internal use software is now PP&E, SFFAS No. 10 permits agencies to establish a capitalization dollar threshold different from that used for other PP&E. The Department's threshold for internal use software is $750,000.

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Section I Policy Framework

A. Background. The WCF is an intragovernmental revolving fund that is authorized by the DOE Organization Act (1977) and the Energy Reorganization Act (1974) to finance administrative functions through which the cost for goods or services provided are charged to customer organizations and the funds received are available to continue operation and replace capital equipment. 1

B. Goals. The goals of the Department in establishing the Fund include:[2]

(1) Increasing the efficiency of the Department's operations by having the cost of administrative services reflected in day-to-day decision-making by program managers;

(2) Improving the management of administrative services through use of flexible and businesslike financing methods; and

(3) Providing an accurate full-cost budget for programs and activities, including indirect costs wherever possible.

C. Criteria. [3]

(1) The Fund is an appropriation account within the Department's financial management system and shall be managed in compliance with general Federal laws and regulations governing appropriated funds and the Department's accounting and budgeting policies and procedures.

(2) The Fund shall not be used as a vehicle for maintaining balances of unencumbered funds.

(3) The policies of the Fund shall be:
   (a) Planned not to produce a profit;
   (b) Sound and defensible, without added factors for administrative costs; and
   (c) Designed to minimize advance payments and, as appropriate, dispose of any excess advance payments.

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1 Source: 1997 Administrative Control of Funds policy.

2 Source: April 1996 Working Capital Fund Board Charter

3 Criteria (2) and (3) attempt to restate some of the Energy and Water Subcommittee guidance from their FY 1997 and FY 1998 reports.

(4) Governance of the Fund is based on broad-based representative decision-making, including smaller organizations;

(5) Performance indicators are clearly stated and do not require costly information systems to measure performance, including financial performance.

Section II Organization

General. The Working Capital Fund organization supplements, but does not replace or supplant the formal organization for financing and delivering administrative services within the Department.[4]

A. Working Capital Fund Board. Policy oversight of the Fund shall be vested in the Working Capital Fund Board chartered and appointed by the Deputy Secretary. The Board Chair shall appoint the Fund Manager, Board Secretary, and other officials of the Fund.

B. Working Capital Fund Manager. The Fund Manager shall:[5]

(1) In coordination with the Business Line Managers, develop reasonable estimates by business line of the expected usage of goods and services and associated estimated costs for the purpose of advising customer organizations of anticipated budgetary requirements;

(2) Prepare the annual budget documentation for the Fund, for review by the Chief Financial Officer, the Office of Management and Budget, and the Congress;

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4 Board Charter of April 1996.

5 All references are to the 1997 policy on Administrative Control of Funds, with the exception of item (2), which is implicit in the Energy and Water Development Subcommittee report criteria for FY 1997 and FY 1998, item (10) regarding the Dispute Resolution Council, and item (11) regarding reporting to the Board on Inspector General audits..

(3) Request advances from customer organizations for the current year's estimated cost of goods and services;

(4) Provide to the customer organization on a monthly basis, with a copy to the Office of Chief Financial Officer (CFO), a statement of costs incurred and an updated or "annualized" estimate of costs of goods and services based on current usage rates and actual costs;

(5) Provide advance notification to the customer organization and the CFO of any potential funding deficiencies in a business line, in particular, in situations that may lead to a WCF administrative violation and take action to reduce costs or to request additional funds to cover estimated costs, as appropriate;

(6) Provide notification to the CFO and applicable customer organization(s) of any WCF administrative violations;

(7) Ensure that a system is in place for collecting costs of goods and services, including establishment of a billing system and review and approval of subsidiary billing systems of the business lines;

(8) Send invoices to the CFO for costs incurred with a duplicate copy to the customer organization(s);

(9) Make downward price adjustments as appropriate and alert the Board to the need to make upward price adjustments;

(10) Provide staff support and information to the Dispute Resolution Council; and

(11) Report periodically to the Board on the status of any outstanding findings or recommendations of the Inspector General .

C. Business Line Managers. The Business Line Managers shall monitor and control costs of their responsible business line and advise the Fund Manager of the adequacy of existing funding to meet costs projected for the fiscal year.[6]

(1) The two types of Business Line Managers are the Business Line Fund Manager, who performs fund control and related financial support functions, and the Business Line Service Manager, who plans, manages, and operates the service activity.

(2) The Business Line Service Managers shall be appointed by the organization responsible for service delivery. The Business Line Fund Managers shall be appointed by the organization responsible for service delivery, subject to concurrence by the Working Capital Fund Manager. The two types of Manager functions may be vested in a single individual.

(3) The Business Line Fund Manager:

- Performs the administrative funds control functions, as defined by Board policy with respect to the term "business line manager;"

- Establishes and maintains systems for defining and collecting timely and accurate information on direct and indirect costs of businesses;

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6 The section on Business Line Fund Manager and Business Line Service Manager roles is derived directly from an October 17, 1997 MA internal organizational directive, but it has been included here because of the creation of new businesses that do not report administratively to the Office of Management and Administration. Also, this section adds the requirement for WCF Fund Manager concurrence in the appointment of the Business Line Fund Managers, because of their roles in the Administrative Control of Funds process.

- Establishes and maintains systems for calculating and reporting to the Fund Manager the monthly charges to each customer, in a format to be prescribed by the Fund Manager;

- Maintains administrative funds control systems to ensure the availability of funds from customer payments into the Fund before making or authorizing commitments for goods and services to be paid for out of the Fund;

- Alerts the Fund Manager to projected shortages in resources available to cover business line costs;

- Provides timely, accurate, and relevant advice and information to Business Line Service Managers, the Fund Manager, and to Board Working Groups on projected resource requirements, historical cost profiles, financial balances (unobligated, uncommitted, uncosted, unpaid, etc.) and related matters;

- Assembles and forwards to the Fund Manager estimates of projected usage by customer, based on current or proposed Board pricing policy; and

- Prepares and proposes a Five-year Plan to the Board through the respective working group and Fund Manager.

(4) The Business Line Service Manager:

- Plans, implements, and monitors contractual arrangements for the services provided by the business, to ensure appropriate service levels within known or projected resource limits.

- Serves as a principal point of contact for customer inquiries about usage patterns, costs incurred, service standards, scheduling, and options.

- Anticipates the need for working group or other review of pricing policies and initiate action.

- Establishes and maintains systems to track and confirm customer usage of services in accordance with Board pricing policy.

- Maintains an active program of benchmarking with other Federal agencies, other parts of DOE, and the private sector on pricing policies and cost levels.

- Cooperates with the Board and its Working Groups in the analysis of new business possibilities.

D. Customer Organization. The customer organizations shall:

(1) Provide information to the Fund Manager and the Business Line Managers for use in the development of reasonable estimates by business line of the expected usage of goods and services;

(2) Provide sufficient advances (via authorizing memorandum to the Fund Manager with a duplicate copy to the CFO) for the estimated cost of goods and services for the fiscal year;

(3) Control costs to prevent obligations for each business line from exceeding advances provided to the WCF;

(4) Periodically review fund balances and expected future costs and, if necessary, take appropriate action to provide additional funding or remove excess funds; and

(5) Provide the CFO a plan of action to address potential funding deficiencies within 10 working days of receiving request from the CFO.

E. Office of Chief Financial Officer (CFO). The Office of CFO shall:

(1) Issue approved funding programs and associated Advice of Allotment in accordance with anticipated purchases by customer organizations;

(2) Obligate sufficient funds based on authorizations received from customer organizations and make payment of such funds to the WCF for advance payment of the estimated cost of goods and services;

(3) Monitor funding levels and expected costs, as projected by the WCF, by customer organization;

(4) Notify customer organization(s) when funds are not adequate to meet estimated costs and request customer organization(s) to provide a plan of action to address potential funding deficiencies;

(5) Reserve and obligate funds of a customer organization, as appropriate, to cover potential funding deficiencies if the customer organization does not respond to the mandatory request in II.E.(4) above within 10 working days of notification;

(6) Record costs against customer organizations upon receipt of WCF invoices; and

(7) Maintain the accounting for the WCF operations.

F. Dispute Resolution Council.[7] The Working Capital Fund Dispute Resolution Council (Council) is chartered by the Board to resolve disputes between Working Capital Fund (Fund) customers and the Fund Manager. The Council shall establish its own schedule and operating procedures necessary to carry out its business. The Council may recommend revisions to this Charter deemed necessary to carry out its duties.

(1) The Council will be established by majority vote of the Executive Board (Board) and shall be chaired by a representative of the Office of Hearings and Appeals nominated by the General Counsel Board member and approved by majority vote of the Board.

(2) The Council will be comprised of the Chairperson and voting members from four Program Offices approved by majority vote of the Board. The Council may seek advice on legal matters from the Office of General Counsel and on budgeting and accounting matters from the Chief Financial Officer as necessary.

[7] This is a condensed version of the Dispute Council Charter, omitting its specific operating procedures.

(3) When Fund customers have disputes that are not resolved with the Fund Manager in a timely manner, either the customer's authorized resource manager, Senior Program manager, or the Fund Manager may request that the Dispute Resolution Council review the disputed matter.

(4) The Council will explore options for a satisfactory resolution of those disputes and present a recommendation to the Board. The Board will decide by majority vote whether or not to accept the recommendation, and the decision of the Board shall be binding on the Fund Manager and the customer.

G. Working Groups. In providing pricing policy and other advice to the Board, the Fund Manager shall establish on an as-needed basis working groups composed of both business line staff and customer representatives.

(1) At least one working group shall be established with cognizance for each business line, though the Fund Manager may assign multiple related businesses to a single working group.

(2) The Fund Manager may use existing groups to serve as working groups of the Board, to avoid duplication.

(3) Working groups shall provide pricing policy options and supporting information to the Board whenever new businesses are created, and they also be used from time to time to review business line operations, recommend pricing policy changes, and the like.

(4) Working group membership will be open to all DOE organizations, and working group meetings will be announced widely.

(5) Working groups are advisory only, and they shall consider the expression of dissenting views of attendees.

(6) The Fund Manager shall periodically publish a listing of the working groups and their members.

Section III Administrative Control of Funds

A. Policy.

(1) The WCF shall be financed by advance payments from customer organizations which receive goods and services provided by the WCF. Funds shall be (a) collected at the beginning of the fiscal year and (b) sufficient to cover estimated costs of providing the goods and services for the fiscal year. In situations where

full funding is not appropriated; i.e., during the period of a continuing resolution, a pro rata share of the customer organization's advance payment shall be paid to the WCF until full funding becomes available. For "no-year" appropriations advanced to the WCF, any over funding by a customer organization as of close of business the last working day of the fiscal year will be applied to the next fiscal year. However, where one-year appropriations are advanced to the WCF, those funds may only be obligated for the particular fiscal year in which the funds are available for obligation. Any unobligated balances of a particular one-year appropriation remaining at the end of the fiscal year for which the funds were appropriated will expire for obligational purposes and will not be available for incurring new obligations. For detailed guidance on one-year appropriations, particularly the implications of the Bona-fide Needs Rule and Severability, refer to the Chief Financial Officer's February 24, 1998, memorandum, "General Guidance on One-Year Appropriations."

(2) Notwithstanding paragraph (1) above, excessive funds (i.e., amounts in excess of the estimated WCF requirements) shall not be collected or maintained in the WCF. If, during the fiscal year, funds advanced by one or more customers are determined to be excessive, funds shall be returned to the customer organization(s).

(3) The Fund Manager, Business Line Managers, and customer organizations shall mutually agree on the estimates by business line of the expected usage of goods and services, associated estimated costs pursuant to the policy of the WCF Board, and funds required for the fiscal year.

(4) Disputes between the Fund Manager, Business Line Managers, and the customer organizations with regard to the expected usage of goods and services, associated costs, and funds required for the fiscal year shall be resolved in accordance with the dispute resolution process approved by the WCF Board.

(5) Total WCF obligations shall not exceed the lesser of the advance payments collected in the WCF or the obligational authority issued to the WCF on the Advice of Allotment. (See DOE Accounting Handbook, Chapter 2, "Administrative Control of Funds," for additional information on limitations.)

(6) Obligations for each business line shall not exceed the advance payments collected for the specific business line. Obligations in excess of the advance payments collected are considered a WCF administrative violation for the business line.

B. <u>Execution and Control of the WCF</u>.

(1) Customer organizations receiving goods and services shall authorize the CFO, by memorandum through the Fund Manager, to obligate funds for the fiscal year and make payment of such funds to the WCF for advance payment of goods and service.

(2) Upon receipt of authorizing memorandum, the CFO shall obligate funds of customer organizations and make payments of such funds to the WCF.

(3) Advances paid to the WCF shall be recorded as a budgetary resource against the allotment established for the WCF.

(4) As customers receive goods and services, costs will be tracked through various service provider systems and summarized in a centrally located system.

(5) Invoices provided by the Fund Manager from the centrally located system shall be forwarded to the CFO (with a duplicate copy to the customer organization) where costs are recorded against the customer organizations.

(6) An updated or "annualized" estimate of costs of goods and services based on current usage rates and actual costs shall be provided to each customer organization and the CFO by the Fund Manager on a monthly basis.

(7) Continuous analysis shall be performed by the Fund Manager, the CFO, and customer organizations to determine whether advance payments are adequate to meet estimated costs. If determined that funds are not sufficient, additional advance payments shall be provided by the customer organization.

(8) In situations where funds are not adequate to cover estimated costs, the CFO shall send written notification to the customer organization(s) requesting that a plan of action, addressing the deficiencies, be submitted to the CFO within 10 working days. The plan should indicate the customer's intent to (a) provide additional funds; (b) cut expenditures; and/or (c) seek determination through the dispute resolution process. If the customer organization's plan of action will not resolve the funding deficiencies in a timely manner, the CFO will work with the customer organization to amend the planned action(s). If the customer organization does not respond to the mandatory request within 10 working days of the notification, the CFO shall reserve and obligate the customer organization's funds to cover the funding deficiencies.

Section IV. Accounting for Assets and Liabilities

A. Policy. Assets acquired and liabilities incurred by the WCF shall be accounted for in accordance with Departmental requirements established in the DOE Accounting Handbook or interim guidance issued by the Office of Chief Financial Officer, consistent with the Statements of Federal Financial Accounting Standards.

B. Accounting for WCF Assets.

(1) Property, Plant, and Equipment (PP&E).

(a) Capitalization. The WCF shall capitalize all PP&E items acquired if they have an anticipated service life of 2 years or more and if they cost $25,000 or more.

(b) Transfers. PP&E transferred from another office to the WCF shall be recorded in the accounts of the WCF at the transferring office's historical cost and accumulated depreciation (net book value).

(c) Depreciation. Depreciation shall be recorded using the straight line method. Depreciation shall be based on the service lives provided in an appendix to Chapter 10 of the DOE Accounting Handbook.

(d) Writeoffs. PP&E items which do not provide service in the operation of the WCF shall be written off the books, or down to net realizable value if the items are expected to be converted to cash or equivalent.

For additional guidance on accounting for property, plant, and equipment, refer to Chapter 10 of the DOE Accounting Handbook or the Statement of Federal Financial Accounting Standards No. 6, "Accounting for Property, Plant, and Equipment."

(2) Inventory.

(a) Acquisition. Generally, inventory acquired shall be recorded at the original cost of acquisition, which includes the net purchase price (gross billing less discounts) plus packing, transportation, docking, and related charges required to place the inventory in storage ready for issue or customer purchase.

(b) Transfers. Inventory transferred from another office to the WCF shall be recorded in the accounts of the WCF at the transferring office's carrying value.

(c) Cost Recognition. Recognition of the cost of inventory shall be at time of purchase by the WCF.

(d) Writeoffs. Inventory items which do not provide service in the operation of the WCF shall be written off the books, or down to net realizable value if the items are expected to be converted to cash or equivalent.

(e) Valuation. Inventory items should always be valued at the lower of cost or market.

For additional guidance on accounting for inventory, refer to Chapter 9 of the DOE Accounting Handbook or the Statement of Federal Financial Accounting Standards No. 3, "Accounting for Inventory and Related Property ."

(3) Accounts Receivable. The WCF shall record amounts due from customer organizations for goods and services furnished.

For additional guidance on accounting for accounts receivable, refer to Chapter 8 of the DOE Accounting Handbook.

(4) Prepaid Expenses. The WCF shall record as an asset any material advance payments to vendors for goods or services that are intended for use in business line operations or future sales to customers.

C. Accounting for WCF Liabilities.

(1) Advance Payments. Advance payments received from customer organizations for anticipated goods and services shall be recorded as unearned revenue in the WCF. As goods and services are provided to customer organizations, unearned revenue is reduced and earned revenue is increased by the related costs incurred.

(2) Accounts Payable. Accounts payable shall be recorded by the WCF for unpaid invoices received from vendors for goods and services received.

(3) Accrued Expenses. Accrued expenses shall be recorded by the WCF at the end of the fiscal year for goods and services received by customer organizations or WCF

business lines for which a bill (vendor invoice) has not been received. The Business Line Managers have the responsibility to notify the Capital Accounting Center (CR-50) of the accrued expenses.

For additional guidance on accounting for liabilities, refer to Chapter 11 of the DOE Accounting Handbook or the Statement of Federal Financial Accounting Standards No. 5, "Accounting for Liabilities of the Federal Government. "

Section V. Fund Manager Reports

A. Quarterly Reports to the Board. The Fund Manager shall provide quarterly reports to the Board on the relationship of actual costs and obligations to customer advances and billings, in accordance with this section.[8]

(1) Policy

(a) Working Capital Fund businesses shall be operated on a not-for-profit basis, such that the earnings of each business shall be planned to cover the costs of such business. Excessive funds shall not be collected or maintained by the WCF.

(b) The Board should be provided with periodic information on the financial results of Working Capital Fund businesses, with particular emphasis on:

i. Known or expected problems with compliance with Working Capital Fund policies on administrative control of funds;
ii. Anticipated need for changes in billing of WCF costs in the current year;
iii. Anticipated need for actions by the Dispute Resolution Council; or
iv. Anticipated need for changes in budget forecasts and advice to customers.

(2) Timing of Information:

(a) The Board shall be provided with reports for the first, second, and third fiscal quarters at the next scheduled Board meeting following the issuance of customer bills for the last month of such quarters (i.e. December, March, and June).

[8] This subsection was presented to and adopted by the Board in conjunction with the management response to the 1997 Inspector General audit of the Fund.

(b) The Board should be provided with a report for the full fiscal year at the first meeting following the closing of the Department's accounts for that year. (See Subsection V.B. below).

(c) When a Board meeting is not held in a timely manner following the end of a fiscal quarter, the report may be transmitted to Board members in writing.

(d) The Chair may call for more frequent reports or convene Board meetings as needed to address pressing issues.

(3) Contents of Quarterly Reports

(a) Each quarterly report shall provide summary information regarding the following:

i. Relation of earnings (billings)[9] to expenses (accrued costs) by business line;

ii. Relation of payments (advances) by customer to current and anticipated annualized billings under current pricing policies, with a discussion of material balances or deficiencies;

iii. Relation of payments (advances) to obligations by business line;

iv. Changes in budget estimates, by business line and customer, from previously published estimates; and

v. Anticipated need to change billing of WCF costs or to make substantial changes in operating levels.

(b) The Fund Manager shall prepare the quarterly statements based on information in the Department's accounting system and reconcile the Fund's information with the Department's accounting records.

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9 Some billings occur annually at the start of the year. It is intended that the reports on quarterly *earnings* reflect only the portion of billings that accrue to the period in question.

B. Other Reports to the Board.

(1) On an annual basis, the Fund Manager shall submit to the Board an analysis of the cost structure of the Fund with respect to elements of business cost that are not included in the financial reports or billings of the Fund. The Fund Manager's report shall analyze the impacts on the competitive status of business lines of expanding the cost structure to reflect the recommendations in the Federal Accounting Standards Advisory Board guidelines.[10]

(2) When a business line has had financial losses – an excess of costs over earnings – for two consecutive fiscal quarters, the Fund Manager shall ask the cognizant working group plus the Business Line Officials to prepare a report for the Board. The report shall diagnose the causes of the financial losses and outline recommendations to the Board including, but not limited to, remedial actions in the following factors:

(a) The pricing policy of the business;
(b) The cost structure of the business;
(c) The cost level of the business, including any reductions that appear warranted;
(d) The operating level of the business;
(e) Options for whether and how to continue the business.

The report shall include examples of how other Federal agencies have addressed similar business lines, and recommendations shall be accompanied by an assessment of impacts on customers. The Fund Manager shall also submit to the Board any differing recommendations that may have been received from the Business Line or from the working group members.[11]

10 This addresses the recommendations of the Inspector General in the 1997 audit report on the Fund.

11 This is intended to address the recommendations of the Inspector General in the 1998 draft audit report on the Fund.

Section VI. Policies on Fund Balances

A. Policy. The Fund shall not be managed to permit an accumulation of unencumbered funds. All Fund balances shall be disclosed to the Board, to customers, to the Chief Financial Officer, to the Inspector General, and to the Office of Management and Budget and the Congress, as part of the financial reporting and budget preparation responsibilities outlines elsewhere in these procedures.[12]

B. Balances in Relation to Specific Customers

(1) Customer advances to the Fund in excess of billings from the Fund businesses shall be treated as liabilities of the individual businesses, and generally, except as discussed in Section III, shall be treated at the close of a fiscal year as a credit against the billings of the customer in the subsequent fiscal year.

(2) Customers should treat such balances as uncosted obligations, subject to the analysis requested by the Chief Financial Officer regarding such balances.

(3) The Fund Manager shall provide customers with as much information as practicable concerning the anticipated annual costs of each customer for each business line, to permit customers to make adjustments in their advance payments to the Fund.

[12] See Section I on Policy Framework

C. Balances in Relation to Specific Businesses[13]

(1) The financial balances of each business shall be recorded and maintained separately. The Fund Manager shall make recommendations to the Board concerning any transfers of balances between business lines.

(2) The Fund Manager shall report to the Board on any actual or anticipated accumulation of a material excess of earnings (billings) over accrued costs of an individual business line. Any such report shall include recommendations on whether to amend business line pricing policies to eliminate the accumulation of material balances of such net earnings.

(3) The cost structures of the businesses in the Fund shall reflect depreciation as called for by Department of Energy Policy. The Fund Manager shall establish reserves for depreciation and report to the Board any use of such reserves to replace capital equipment.

(4) Anticipated accumulation of losses by an individual business line shall be reported to the Board in accordance with Section V. B. of these procedures.

[13] The 1997 Inspector General audit of the Fund recommended, "The Fund Manager should establish a policy to address the disposition of excess funds and shortages, the use of business line excess funding to cover other business line shortages, the use of uncosted balances transferred into the Fund, and an acceptable level of carryover to the next fiscal year that is consistent with the expectations of the Subcommittee on Energy and Water Development." This section is intended to satisfy this 1997 Inspector General recommendation. It does not establish specific quantitative targets, because the Fund business lines are of very diverse sizes. Rather, it uses the concept of "materiality" and focuses on the avoidance of continuing accumulations of balances and shortages in any one business line.

WCF PRICING POLICIES

General
Working Capital Fund “pricing policies” provide the methodologies approved by the Board for translating program customer behavior into financial transactions with the Fund. Pricing policies are intended to advance the objectives of the Fund – efficiency, fairness, and flexibility – and to satisfy the requirements of (i) the Fund’’s authorizing legislation, (ii) the criteria set forth in congressional report language, and (iii) general Federal practices and procedures for full-cost accounting and intragovernmental transactions.

One of the main purposes of the Blue Book is to explain to customers how their monthly Working Capital Fund bills are calculated. The detailed methodologies are set forth in separate tabs for each business line in this edition. This section provides an overview of those policies and a summary of the linkages between program customer efforts to become more cost-conscious in use of Fund services and the Department’s efforts to become more efficient. Customers should rely on the detailed methodologies described for each business, rather than this overview, when planning transactions with the Fund.

Supplies
The Board’s policy is that each Headquarters element will pay the actual cost of its supplies. Supplies may be purchased at the self-service supply store operated through the Fund or purchased directly from authorized vendors (subject to the laws and regulations government acquisition of Federal office supplies). For FY 2003, in addition to the normal Working Capital Fund bill, organizations will receive monthly detailed reports on their purchases from the supply stores and be asked to validate that these purchases reflect official uses.

Mail Services
The Board’s policy is to divide the mail services into seven components:
- Offices will pay the actual dollar meter value for outgoing United States Postal Service mail;
- Offices will pay actual cost for Federal Express or other special mail;
- Offices will pay for internal mail distribution based on the number of mail stops;
- Offices pay for Mail Security based on their percentages of incoming USPS mail;
- Offices pay for Express Mail labor based on their percentage of both incoming and outgoing special mail;
- Offices pay for USPS Outgoing labor based on their percentage of outgoing mail; and
- Offices will pay for special services on a negotiated basis.

Copying
The Board's pricing policy is that each office pay the full cost to maintain and supply its assigned dedicated copiers. For walkup and staffed copiers, a cost per copy is calculated and programs are charged based on the number of copies made by program staff. Starting in FY 2003, the business will also be offering digitization services to customers on a cost-reimbursable basis.

Printing and Graphics
The Board's pricing policy is that organizations will pay for direct printing and graphics costs as well as Federal Register costs. Additionally, customer organizations pay a share of internal distribution costs, based on printing activity, plus a share of graphics contractual, maintenance and depreciation costs as a percentage allocation of costs incurred in the previous fiscal year.

Building Occupancy
On a building-by-building basis, direct rental value of the space assigned to each organization is calculated, using General Services Administration factors. Then the common use space costs in each building are divided among the tenants of that building based on their proportional shares of direct cost. Space costs are based on areas expected to be assigned to each organization at the beginning of the Fiscal Year. Certain additional costs, such as common use area alterations and health and safety programs, are allocated as a percentage addition to the building-by-building charges described above. Program specific building alterations are charged directly to the programs.

Telephones:
The Board's policy is to allocate telephone charges as follows:

- First, the infrastructure costs, including the CENTREX charges for staff located in leased facilities, will be allocated among program organizations based on the number of phone lines. Since the Fund's inception, program customers have been validating, and reducing, the number of phone lines.
- Second, the costs of dedicated communication circuits will be allocated to those organizations requesting installation of such lines.
- Finally, long distance and local and international calls will be charged to programs based on the actual billing information received from long-distance service providers.

Desktop Support
The Board's policy is to divide the Desktop Support into two components:

- Help Desk Services such as virus protection, decontamination support, adaptive workstation support, software support, and applix support will be charged to benefiting organizations;
- Costs to facilitate day-to-day operations of standard hardware plus the costs for desktop equipment repair will be charged as an annual subscription for maintenance or warranty administration, or on a Time and Material basis, where program managers have the

option to obtain such services from private vendors.

Networking:
The Board's policy is to allocate Networking charges as follows:

- Local Area Network infrastructure is charged to each program organization based on the number of Local Area Network (LAN) connections to the system; and
- DOEnet Infrastructure related to DOE Wide Area Network is charged to each program organization based on measured transmission usage, with incremental CHRIS usage charged according to proportion of DOE population for each program.

Contract Closeouts
The Board adopted a policy that each Headquarters element pay for actual closeout cost, determined by the unit price of each contract instrument type and chosen level of service.

Payroll and Personnel
The Board adopted the policy to charge each organization an annual fee based on the number of employee on board at the beginning of the fiscal year.

Online Learning

The Board's policy is to recover costs for the OLC through a fixed base annual cost paid by participating DOE organizations plus the cost per user for course subscriptions.

SCHEDULE OF PAYMENTS

Barring a lapse in appropriations, customers should authorize advance payment to the fund no later than the effective date of the December financial Plan (AFP). Timely payments to the Fund are required so that the various business lines can acquire goods and services within established procurement deadlines as well as to ensure payments are made to vendors within the guidelines of the Prompt Payment Act. CFO written guidance, "Working Capital Fund, Administrative Control of Funds", was approved by the Executive Board of the Fund at its meeting of September 16, 1997 and reads as follows:

> "Funds shall be (1) collected at the beginning of the fiscal year and (2) sufficient to cover estimated costs of providing the goods and services for the fiscal year. In situations where full funding is not appropriated; i.e., during the period of a continuing resolution, a pro rata share of the customer organization's advance payment shall be paid to the WCF until full funding becomes available".

In order to facilitate advances to the Working Capital Fund, we have developed a standard Funding Authorization Memorandum, a copy of which follows this page. Upon receipt of the memorandum, the Fund staff enters funding advances or adjustments into the WCF Billing System. The funding information is compiled monthly and transferred to the Department's accounting system, DISCAS.

memorandum

DATE:

TO: Bob Emond
Working Capital Fund, ME-15

FROM: (Program Office)

SUBJECT: Authorization for Advance Payment to the Working Capital Fund

This memorandum provides this organization's FY 2003 operating plan for goods and services provided through the Working Capital Fund. The Fund is hereby authorized to record advance payments toward total projected annual requirements, as itemized below. As more information becomes available concerning actual usage rates for each business line, additional authorization may be necessary to adjust funding to actual costs incurred.

Appropriate funding classifications and corresponding funding amounts are shown on the Advance Payment Authorization Table, below. Where no payment allocations are indicated for individual business lines, apportion funding in proportion to annual costs projected to be incurred, based upon actual historical costs for the current and/or prior fiscal year. Where more than one Budget and Reporting (B&R) code and/or fund type is indicated, actual costs incurred may be assessed in the same proportion as funding is provided, within each business line, unless otherwise specified. It is understood that the amounts hereby specified do not constitute constraints on spending and that Working Capital Fund charges are assessed based upon actual costs incurred by this organization.

Appropriation:
Allotment Symbol:
Fin Plan/Fund Type:
B&R (first six digits):
Amount this action:
Total Payment YTD:

CC: George Tengan, ME-14

WORKING CAPITAL FUND
MONTHLY BILLING PROCESS

One of the objectives of the Working Capital Fund is to help customers become more efficient in the use of administrative services by establishing both the incentive and the ability of customers to control their costs. If customers are to realize these efficiencies, they must be provided with information regarding how their organizations are spending money on goods and services provided by the various Fund business lines. To that end the Fund provides each customer a monthly bill that summarizes that organizations usage of Fund services and their cost.

Recording customer purchases:

When customers purchase goods or services from a business line, the service provider organization records the transaction in an automated feeder system. The transaction may be recorded by the swiping of a badge at a copy machine, the placing of a long-distance or outside call, or the signing of a service level agreement for contract closeouts or computer repair. To arrive at a price for each transaction, the feeder system processes the transactions through a pricing algorithm derived from pricing policies approved by the Working Capital Fund Board. The 25th day of the month is the cut-off date for recording monthly transactions. On that date the feeder systems collect all transaction data from the 26th day of the previous month to the present date. That information is then transferred to a prescribed electronic template and forwarded electronically to the Fund staff on the first day of the month.

The Fund staff enters data from electronic templates provided by the business lines into the WCF Billing System, the Fund's automated accounting and billing system. The system produces three kinds of monthly information for each customer by business line[1];

- A formatted data feed into the DISCAS system so that costs are recorded against each customer organization advance payment;
- A detailed MSExcel report for each customer using “pivot tables” methods, to enable customers to sort and analyze their monthly costs[2]; and
- A summary billing report to all customers (PDF format) that includes not only monthly and “to-date” costs but also projections of total annual costs in relationship to customer advances.

1 Additional information is being provided for the Supplies business, as discussed in the Supplies section.
2 Certain customers have asked for, and are receiving, this electronic billing information in PDF format rather than MSExcel.

When may customers expect to receive their bills?

The target date for the formatted data feed to DISCAS is the fourth working day of the month following the month of consumption, so that costs are included in accounting reports for the consumption month.

The Fund's target date for transmission of the MSExcel data is the 14th business day of the month following the consumption month, and the target date for the PDF report is the 14th working day of the month after the consumption month.

How can customers get more detailed information about their organizations bills? Who should customers contact if they have questions about their bill?

The Fund manager is providing customers with MSExcel files with billing data in a format consistent with approved pricing policies. This detailed information is provided in a data format that will enhance customer analysis of Fund activities. Customers can also request hard-copy information on individual transactions and orders. The request should be directed to the appropriate business line billing contact listed below. Also, customers are welcome to contact them with any billing inquiries:

BUSINESS LINE	BILLING CONTACT	TELEPHONE
Administrative Services: Building Occupancy Supplies, Mail, Copying Printing and Graphics	John Harrison	(202) 586-3611
Information Management: Telephones Desktop Services Networking	Anne Warnick	(301) 903-3056
Contract Closeout	Jeffrey Rubenstein	(202) 287-1516
Payroll Processing	George Tengan	(301) 903-5878
Online Learning Center	Tanya Luckett	(202) 287-1655
Billing Process and Policies	Bob Emond	(202) 586-2354
	Roscoe Harris	(202) 586-5527

We recommend that you use e-mail to communicate your questions, because that permits better tracking of concerns both by you and by us.

Who receives the monthly billing information?

The monthly MSExcel billing information for each organization is transmitted as an attachment to an e-mail message addressed to the individual identified by the organization to receive that bill. Organizations receive the MSExcel bill information only for their own organization. If a customer organization wishes to change the billing recipient, it should contact Bob Emond or Roscoe Harris to provide the e-mail address of the desired recipient(s).

The monthly PDF billing memo and summary tables, covering all organizations, is transmitted as an e-mail attachment to the persons identified in the distribution section of the memo. It is also transmitted to the members of the Working Capital Fund Board. While we would be pleased to add to these mailing lists, we are now also posting this information on the WCF Home Page where the entire DOE community can view it.

For more information on the MSExcel bills and the PDF billing information, see the "How To Use" materials below.

HOW TO USE WORKING CAPITAL FUND BILLING INFORMATION IN THE MONTHLY MSEXCEL REPORTS

- The MSExcel tables provide all of the information that program customers received during FY 2002 from the "paper" bills. The electronic format will make it easier to store, analyze, and circulate this information within an organization. Each bill includes both the consumption for the current month plus a table providing a year-to-date summary.

- In addition, the MSExcel bills provide a further disaggregation of organization costs to the sub-organization level, when that further organization breakdown is possible. For example, since individual telephone lines are assigned to employees, the billing assigns the costs of call to the organizational subunit to which the employee is formally assigned. Similar cost breakdowns are possible for central copiers, supply purchases, and specific requisitions. However, some types of costs cannot be reliably broken down further by the billing organization; these tend to be attributed in the bill to the "front office" of a customer organization. Also, if an individual employee has been reassigned, the billing information will only reflect that reassignment after a formal change is made in DOEInfo and related systems.

- Finally, by clicking on each entry in the summary spreadsheet, an analyst can obtain, as a separate worksheet within the MSExcel workbook, a detailed listing of the component costs, broken out by the Fund billing categories. Saving the MSExcel file after opening one or more of these worksheets will result in their staying attached to the main file. However, closing the file without saving changes will restore it to the configuration in which it was received.

- Offices have considerable flexibility on the use of these data. They can be used to compare across sub organization lines, as with "pie charts" or per-employee analyses, or the year-to-date data can be saved into a separate file using Edit/Copy/Paste commands to create the basis for time trend graphs.

HOW TO USE WORKING CAPITAL FUND BILLING TABLES IN THE MONTHLY PDF SUMMARY REPORTS

- Each monthly Working Capital Fund bill is transmitted with a cover memorandum that explains the derivation of the information and alerts resource managers to any changes in pricing policies or any corrections being made to prior billings.

- Summary tables are provided to help customers track and manage their spending levels. These tables are intended to be more diagnostic than the billing materials themselves.

- In all cases, the rows on the tables represent customers, denoted by the organization's mailing symbol.

- The tables are designed to meet multiple needs, as described further below. For the **customer** organization, the tables are designed to help answer the following questions:
  -- How much have we spent for each business? (Table II)
  -- At this rate, how much we will spend for the entire year? (Table III)
  -- How does my spending compare to other customers? (Table III)
  -- Is this spending level more or less than what we budgeted? (Table IV)
  Is this spending level more than we have paid in? (Table IV)

o **Table I** provides, in whole dollars, the bill for the current month by customer by business line. It should match the details in the MSExcel billing materials, and is included with the billing memorandum primarily to permit managers to see why and how the trends in the other tables are assessed. The column headers indicate whether the amounts represent one month, one quarter, or one year of consumption.

o **Table II** is simply the sum total to date of all the Tables I for the current fiscal year, reflecting cumulative consumption through the billing month.

o **Table III** is a updated forecast of annual consumption by customer by business line. Customers can use this annualized information in a number of ways, including comparing this forecast to their budget availability. Estimates for current fiscal year costs, as shown in Tables III, are derived using the most reliable of the following methods:

C A straight-line method to annualize actual costs incurred year-to-date (Supplies, Mail Usage, Photocopy, Printing, Standard Building Occupancy, Telephone Line Charges, Desktop, Networking);

- C Actual full year costs billed, where no further billing is expected (Payroll, CHRIS, Building Alterations, Online Learning, and Mail Distribution);
- Revised current fiscal year budget estimates (Contract Closeout).

These estimates are provided as an advisory service to customers as well as to keep the Board apprized of trends in each business line. In making allocations for your program, you may wish to adjust our estimates as necessary to account for planned changes in staffing levels, anticipated increases or decreases in usage levels, and any other factors that you feel are appropriate and relevant.

o **Table IV** compares the annualized estimate for each customer for **all** business lines (far right-hand column of Table III) to certain key benchmarks, including prior month estimates and the most recent budget estimates. This is intended to track the overall reliability of previous estimates and to help managers spot trends.

The Fund staff does not determine the amounts to be budgeted by each customer, and customers have flexibility to select commercial suppliers for certain services. Therefore, if the Fund staff project that a customer is spending at a lower rate than the Fund's prior budget estimates, that trend may be due to a combination of factors, including increased use of commercial vendors. Also, the program resource manager may have budgeted at a lower rate than the Fund staff had projected. For all of these reasons, resource managers need to use their judgment in interpreting the data.

All of the predictive and diagnostic data from Tables III through VI derive from the monthly and cumulative consumption levels in Tables I and II, so any errors or seasonal distortions in the first two tables tend to carry through to the conclusions in the latter tables.

CUSTOMER RESOURCE MANAGERS

This is a list of recommended program resource contacts who have, or can coordinate, authority to release program funds to the WCF, are accessible for that purpose and have acted as primary resource managers in the past. A list of Board members is also provided.

PROGRAM	ADDRESSEE	COPY	
BCA	Beryl Gilmore	D. Bart	
BPA	W. Marlowe	R. Seifert	
CI/PA	L. I. Brown		
CN	C. Karis		
ED	L. Rudnick		
EE	D. Smith		
EH	G. Judge	T. McCarron	
EIA	N. Burnette		
EM	E. Bronstein	B. Male	
FE	C. Roy	G. Stern	
GC	D. Bullington		
HG	R. Tedrow	P. Spencer	
IG	B. Schrum		
IM	A. Warnick		
IN	L. Cain		
ME/AB/S	F. Feiner		
NA	S. Haller	J. Trainor	
NE	W. Carroll	L. Soo Hoo	
OA	L. Gasperow	C. Feldmeyer	
PML	M. Livingston	D. Meyers	
PI	S. Browne	S. Rush	
RW	L. Barrett	D. LeVan	
SC	L. McAllister	B. Swain	J. Kelley
SO-40	A. Moss		
SO	T. Fox	D. Friis	
WH	M. Dillon		
WT	M. Owen	M. Mescher	

WCF BOARD MEMBERS

CFO	B. Carnes	NE	W. Magwood
CIO	K.Evans	NA	L. Brooks
EE	D. Garman	OA	G. Podonsky
EH	B. Cook	PI	V. Bailey
EI	G. Caruso	SC	R. Orbach
EM	J. Roberson	SO	J. Mahaley
FE	M. Smith	GC	L. Otis

COMMUNICATING WITH THE WORKING CAPITAL FUND

Customer involvement with the Working Capital Fund (Fund) is crucial to its success. Under the Fund concept, each customer has choices to make that determine the level, quality, and cost of the administrative services they receive. In order to make informed decisions, customers need to have a wide range of information on cost of services, estimated usage, service options and administrative policy.

At present the Fund interacts with customers in the following ways:

- The monthly billings summarize each customer's use of services and projected annual requirements.

- The WCF Board holds open meetings at which all interested parties are welcome to join in the discussions and make their views known. If you have an idea for an agenda item or would like to address the Board you may contact the Acting Board Chair, Howard Borgstrom, at 586-5923 or the Board Secretary, Bob Emond, at 586-2354. Minutes can be found on the WCF Home Page described below.

- All organizations may attend and participate in the meetings of the Fund's various Working Groups, where much of the detailed analysis is done.

- During FY 2003, the Fund staff has been asked by the Board to organize training sessions for customer organizations, to update customers on the systems and procedures for acquiring and paying for services

- Questions about specific business lines and billings may be addressed to the Business Line Managers listed below.

- The Fund maintains a web page at www.ma.mbe.doe.gov/wcf . On it you will find meeting minutes, summarized monthly billings, and other key messages. If you are not able to access this web page please contact your LAN administrator and have them make it available to you.

- The Fund staff maintains an electronic mailing list to ensure that meeting announcements, meeting minutes, and other key messages are distributed to administrative officers, resource managers and others. If you have staff members who should receive the messages, please forward their names to Bob Emond at bob.emond@hq.doe.gov.

FREQUENTLY ASKED QUESTIONS ABOUT BILLING AND FINANCIAL MANAGEMENT

Billing

Q. Can WCF bills be provided to program offices between 10th and 15th of the month after the billing cycle ends? That is, the billing cycle ends on October 25, can bills reach program office by November 10 or no later then the 15th?

A. Our target is to produce bills by the second full week of each month. Over the past year we have consistently achieved our target. While we have received no customer complaints, we are committed to providing more timely and meaningful data to our customers.

Q. Why don't the bills always match what gets posted in the monthly cost reports?

A. The billing documents should be internally consistent, such that the backup billings match the tables accompanying the memo. If you spot an inconsistency, please contact Roscoe Harris at 202-586-5527. Inconsistencies between the amounts billed by the Fund and costs recorded in DISCAS may be attributable to accounting treatments effected by the Capital Accounting Center (CFO), especially where allocation of costs between accounts or funds availability is an issue. You are welcome to contact the Fund staff or Kathy Schanck (301-903-1849) to identify any issues or seek clarification.

Color of Money

Q. Do I need to use program direction funds to pay my Working Capital Fund Bills?

A. The Fund itself does not require use of program direction funds, nor are the business line managers responsible for making "color of money" decisions. The Chief Financial Officer, as the Headquarters allottee, is responsible for cost classifications and has generally deemed the types of activities purchased from or through the Fund to be most appropriately classified as program direction. Specific "color of money" questions should be posed to CFO personnel.

Q. If I get another office to pay for something, like printing a big report, can they pay my WCF bill?

A. Yes, if both parties agree. This is best handled before the costs are incurred, such that the paying/benefiting party is initially charged by the Fund business. Retroactive adjustments may be made, but since these are an exception to routine processing procedures, retroactive adjustments create higher risks of errors.

Accounting

Q. What happens with unobligated and unused funds in a particular business line? Can these funds be moved and used under another B&R structure within that program? That is, can funds be moved from WCF to cover shortfalls in program/contract support. Will a mechanism be developed for returning funds to a program office when it has been determined that too much has been paid into a particular business line?

A. There are a number of different types of balances, and they are treated in somewhat different ways:

C If a program has obligated and paid more to the Fund in a Fiscal Year than it was billed for services, then the program office has an uncosted obligation that is, in effect, an advance payment to the Fund for the subsequent Fiscal Year -- a liability to the Fund. The program customer has this balance as a credit for use in meeting the subsequent Fiscal Year charges, reducing payment requirements for the succeeding years. Alternatively, a customer can contact the Fund, and arrange to have advance payments deobligated for use elsewhere in their program direction account in the current fiscal year.

C The Fund and the customer must reach agreement as to the amount of funds available for withdrawal before a deobligation is recorded in DISCAS.

C If a WCF business line has charged customers more in a Fiscal Year than it spent to provide the service, such balances belong initially to the business, rather than to specific customers. However, the Fund operates on a not-for-profit basis, so the WCF Board would be expected to reduce the subsequent Fiscal Year's prices. The experience of the Fund to date suggests that this type of balance is less than four percent, so customers should not expect proportionately large rebates from this source. However, surplus balances accumulated in the Payroll business are being held pending payroll modernization and any residual balances will be targeted to offset customer expenses.

C If a program anticipates under spending with one WCF business and over spending with another, it may amend its funding pattern to correct this situation by (1) issuing a payment authorization to revise funding allocations by business line, or (2) issuing a blanket (lump sum) authorization that stipulates funds to be allocated as necessary to cover costs as they are actually incurred.

Q. How can money be used out of the WCF when offices have savings? Can the funds be used for updating computer equipment?

A. Think of the WCF businesses like other suppliers to which program customers obligate appropriated funds. If you can reduce your purchases from the WCF, you have funds available for other purposes, but the laws and policies administered by the CFO govern the use of such savings in the same way they govern other appropriated funds.

Q. What options are available if a customer is not able to pay the full WCF costs because of budget cuts, but can't reduce the discretionary expenses without severely curtailing day-to-day operations?

A. Again, think of the WCF businesses like other suppliers. Funding problems need to be identified early and discussed with the CFO, because the Working Capital Fund has no independent source of financing other than payments from customers.

Q. Are costs that are incurred in September accrued in that fiscal year, or are they costed in the next fiscal year?

A. The charges for September are reported to the CFO for treatment as that fiscal year's costs to program customers.

Q. What are the procedures to address deficit spending in a timely manner in a particular business line so it is not a continued drain on the WCF?

A. When a business line has experienced a financial loss for two consecutive fiscal quarters, the Fund manager will ask the cognizant working group plus the Business Line's management to prepare a report for the Board diagnosing the causes of the losses and outlining recommendations for remedial action, including but not limited to: (a) the pricing policy changes; (b) cost structure changes; (c) changes to the cost level of the business; (d) operating level changes; and (e) options for whether and how to continue the business. The Fund manager may also submit to the Board any differing recommendations received from the business line or working group members.

Information and Communication Systems

Q. Who is responsible for estimating the WCF budget requirements of each customer?

A. The Fund business lines provide customers with good faith estimates of future requirements, but customer organizations are responsible for checking these estimates, applying their own judgments about the need for and use of services, and budgeting accordingly. In some cases, customers can choose between obtaining services from the WCF or from other suppliers, so the WCF business lines do not have knowledge regarding customer expenditures outside the Fund.

Q. Who is ultimately responsible for the WCF budgets of the customers?

A. The customer organizations are responsible for including sufficient funds in their budgets for the types of services provided by the Fund. The WCF does not exercise funds control over its customers and does not automatically discontinue services when customers' funding is insufficient to pay for them.

Q. How can customers budget accurately for the WCF when the Fund keeps changing the estimates and why do the estimates change?

A. The Fund provides three estimates of projected cost for each fiscal year and, for some business lines, a fourth:

(1) Original budget estimate for the Corporate Budget Review in May based on the most current data taking into account any changes to pricing policies approved by the Board.

(2) A revised budget estimate developed in December for the Congressional Budget using more recent usage information available at the time.

(3) A revised estimate developed in December for the fiscal year budget +1 with actual costs incurred for the fiscal year immediately preceding the subject execution year.

(4) Negotiated service agreements, as of October 1, for business lines where applicable (Building Occupancy, Desktop, Networking, Telephone, Contract Closeout).

However, some degree of variance will remain because program customers, rather than Fund managers, are making the decisions that drive costs. Customers may wish to adjust their accounts for scheduled changes in staffing levels, anticipated increases or decreases in usage levels, and any other factors that are appropriate and applicable.

Q. By what date can we expect the Fund to provide Fiscal Year cost forecasts?

A. For the current year, the Fund staff generates forecasts monthly, with the billing documents. For the subsequent year, the Fund has been providing estimates along with the CFO calls for budget documentation. We will make new fiscal year estimates in December of each year, before the Congressional budget is submitted, and we will make revised estimates in the Spring, in conjunction with the Corporate Budget Review.

Q. In the past, the Fund has adjusted estimates in a given business line during the year that results in some customers having to pay more, while others get a "windfall." While this is necessary to show actual costs, it has the potential to cause a hardship for some customers. Why can't the adjustments be effective at the beginning of the next fiscal year?

A. In some working capital funds, there is a 1-2 year time lag between the initial estimates and the final adjustments, such that underpayments by a program in a particular fiscal year might be made up two years later -- the "next budget opportunity." Such funds, notably those of the Department of Defense, have large cash balances to permit the businesses to operate at a cash deficit until prices can be adjusted. The DOE working capital fund was started without a direct appropriation to sustain such balances, and each business has had to cover its costs in real time. This has the advantage of providing the Department with a very responsive and market-like approach to decisionmaking.

Q. Backup information is not routinely provided so that some level of verification can be made. Can this be automatic for offices that want that level of information without having to call monthly for the data?

A. Program customers may request backup information directly from business lines. During FY 1997, the Fund staff conducted a pilot test in which hard copy information on Administration Services business lines was provided with the bill, along with a questionnaire on the value of this information. We reported the costs of this pilot to the Board, along with the survey results.

Basically, the few customers (6) who responded to the survey said that the pilot information was not valuable enough that they were willing to pay for it, so the pilot was not continued. Also, while the Fund has resulted in cost reductions and efficiencies for the Department, the Fund staff have advised the Board that certain information systems enhancements, while desirable, would likely involve significant investment costs, eroding the net benefits of the Fund to the Department. We would be open to customer suggestions on priorities for improving information provided with the bills or in some other form.

Q. What should customers do if they think they have been overcharged?

A. Each monthly bill contains a list of contact points for billing questions. If a customer believes that there has been a billing error, she or he should communicate directly with the relevant point of contact. If the customer is not satisfied by this contact or by communication with the Fund staff, the customer may use the Dispute Resolution Council procedures established by the Board.

General

Q. Are there procedures to review the business lines/procedures/content of the WCF periodically to assess the validity of what is there and if it is working to the benefit of the whole?

A. The Fund is reviewed at a number of different levels:

C The Fund Manager has responsibility for providing quarterly reports to the Board on the financial results of business lines, with particular emphasis on: (1) known or expected problems with compliance with Fund policies on administrative control of funds; (2) anticipated need for changes in billing of WCF costs in the current year; (3) anticipated need for actions by the Dispute Resolution Council; or (4) anticipated need for changes in budget forecasts and advice to customers. The quarterly reports are based on information in the Department's accounting system and reconcile the Fund's information with the Department's accounting records.

C In addition to quarterly reports the Fund Manager provides customers with non-financial operating information at frequent Customer Board meetings throughout the fiscal year.

C The Inspector General is charged with conducting annual audits of the Fund, and Fund management and the Board to the recommendations made by the IG through the DARTS process.

C The Department provides a budget justification for the Fund to OMB and the Congress, both of which have asked detailed questions and provided policy guidance.

C Customer Program/Business Line working groups meet to discuss business related issues within the context of customer priorities and interests.

SUPPLIES BUSINESS LINE

Service Description

PAPERCLIPS, the office supply store name assigned by Winston-Salem Industries for the Blind, an affiliate of the National Industries for the Blind (NIB), operates two main and one satellite self service stores which carry a wide variety of consumable office products. The supply business also delivers non-stocked items. Our customers are employees of the Department's program offices. The offices are then billed for employee purchases.

Self-Service Supply Stores Locations:

- Main Forrestal, Room GA-171, 202-554-1451
- Main Germantown, Room R-008, 301-515-9109
- Corporate 270 Building, Room 1105, 301-515-8238

Pricing Policy

Board Adopted Policy

Each organization pays for supplies purchased by its employees. The price charged includes the cost of the items purchased.

Pricing Method (Billing Calculation)

Information about purchasing is collected when employees check out supplies from the self-service stores. The following information is captured:

- Customer's Name
- Badge number
- Organization code
- Routing symbol
- Stock number
- Price
- Product description
- Quantity purchased (or returned)
- Store Location
- Total Sale

Requisitions are used to buy specialty or non-stock items. The same data is collected on requisition purchases, which are screened and processed through the self-service stores.

Budget Estimating Method

Budgetary estimates are developed based upon the 12 month period prior to issuance or submission of the IRB and OMB budgets. In other words, budget estimates published in June of the Fiscal Year reflect actual usage charges for June through May of the preceding year. Extraordinary or unusual changes in usage patterns are not anticipated in the Fund's estimates. To the extent that such anomalies can be foreseen by the program customer, the cost impact of these charges should be assessed or subtracted (as appropriate) from the Fund's estimate. Also, possible variations in consumption due to expected changes in staffing levels are not considered in the Fund's estimates.

Annual Projections

WCF projections of current Fiscal Year usage and costs are updated monthly and provided with each bill. Projections are calculated based upon fiscal year-to-date costs annualized. For example, the annual projection as of April would be as follows:

Total YTD Cost (October-April) divided by 7, then multiplied by 12 equals projected annual cost.

Billing Cycle

All supply charges are billed monthly, based upon prior month actual usage. There are no charges for this business line that are assessed annually or quarterly.

Detailed Usage Information

Program offices are provided copies by the Office of Management, Budget and Evaluation of monthly detailed inventory transactions from sales in the self-service supply stores. This information includes purchasing employee, description of item purchased (or returned), transaction date, quantity, and cost. OMBE requires a certification from resource managers that supply purchases made are for official business purposes only.

Service Standards:

- Maintains an office supply store at three designated DOE locations in the Washington, D.C. metropolitan area for the purpose of selling general office supplies,
- Operates the stores from 9:00 AM to 4:00 PM (Subject to change at DOE's discretion),
- Maintains a custom tailored inventory selection to facilitate the DOE customer requirements,

- Obtains specialty items at customers' request that are not stocked in the stores,
- Accepts returns or exchanges for serviceable items in original containers within thirty (30) days of purchase, which were purchased at the DOE office supply store,
- Provides all telecommunications services for business operation, in addition to one (1) customer-use telephone per store,
- Applies DOE-provided property adhesive tags for each property item sold a s designated sensitive or exceeding $300 each, and
- Provides sales data for billing Headquarters organizations.

Management Flexibility

Customers may:

C Purchase office supplies directly from authorized vendors, subject to government acquisition laws and regulations.

C Choose recycled or lower priced products where these can meet your needs.

C Request detailed transaction listing to analyze your usage.

Points of Contact

Business Line Fund Manager: John Harrison, 202-586-3611

Business Line Service Manager: Virginia Bitler, 202-586-1619

For more information, customers are invited to visit the home page of the Supplies business at http://www.ma.mbe.doe.gov/admin/SupplyStores.htm.

FREQUENTLY ASKED QUESTIONS ABOUT THE SUPPLIES BUSINESS LINE

Q. Are the prices at the DOE supply store lower or higher than prices offered by GSA or a commercial vendor?

A. Generally, market basket comparisons of selected items have shown prices charged at DOE stores are lower overall. This does not take into consideration the significant savings in customer staff time due to the convenience and service offered by the DOE stores. Supply store prices are kept low because items can be purchased in bulk and therefore at lower prices than individual purchases. However, there will always be cases where "specials" or "sales" will allow items to be obtained elsewhere at a lower price.

Q. How can my program save money on supplies?

A. You may choose recycled or lower priced products where these can meet your needs. In addition, you may use detailed transaction listings to analyze your spending trends.

Q. If my office is nearing its limit on supply store charges, can I ask PAPERCLIPS to stop my people from buying?

A. There are several alternatives that program offices and the supply business line might use to control an organization's spending:

- Your organization's management can provide policy or budget guidance internally in your organization, emphasizing the need to be cost-conscious in the ordering and use of supplies.
- A notice could be placed on the bulletin boards in each store alerting your staff of your organization's policies on supply store use or
- We could post a notice at the checkout counters advising customers of your organization's policies on supply store use.
-

Q. Who do I call to find out what my staff is buying?

A. You should contact the Business Line Service Manager, Virginia Bitler, (202) 586-1619. She will be able to furnish you with detailed information regarding your staff's purchases at DOE Stores.

MAIL SERVICE BUSINESS LINE

Service Description

The DOE Mail Center provides a variety of mail services for all official and other authorized mail for the Department of Energy and its employees. The services provided include the processing of all incoming postal mail, outgoing official mail, internal mail processing, accountable mail processing, pouch mail, a variety of overnight express mail services, directory services, and pick-up and delivery services. In response to the risk of terrorism, the business line implemented various processes for sanitizing and testing mail against bio-terrorist attacks.

Internal Distribution

- Receive, sort, process and deliver all incoming ordinary and accountable mail from the United States Postal Service.
- Process, safeguard and deliver all incoming accountable mail (registered, certified, express, insured).
- Pick-up, secure, safeguard, control and deliver all classified mail from the DOE Security Box.
- Process and deliver all incoming Business Reply Mail.
- Sort, deliver, and pick-up all internal mail at all authorized mail stops and mail boxes.
- Provide mail services between headquarters and all other DOE Satellite Buildings.
- Provide directory/locator service to customers for mail that is undeliverable due to lack of address information.
- Make special internal deliveries for urgent mailings.
- Provide guidance and assistance on matters related to mail operations.
- Process and control all incoming overnight express mail which includes FedEx, Airborne, DHL, UPS, and any other overnight express packages. Customers are called when the packages are ready for pick-up.
- Provide specialized service for specific customers.

United States Postal Service - Official Outgoing Mail

C Process and meter all outgoing DOE Official Mail to meet the customer's needs for timely delivery and postage cost. The varieties of services include overnight Postal Express Priority Mail, First Class Mail, Standard Class (A), Standard Class (B), and Special Standard Class. Also outgoing accountable mail service such as Registered, Certified, Insured, and Postal Express Mail are available.

C Irradiate incoming first class mail.

C Process and meter Field Pouch Mail.

C Process Diplomatic Pouch Mail.

Outgoing Overnight Express Package/Parcel Service

Process outgoing overnight express shipments of FedEx, Airborne, DHL, Emery World Wide, and TNT Service International for airfreight and overseas deliveries.

Mail Center Locations

C Forrestal Building:
1000 Independence Avenue, SW
Washington, DC 20585
Room................GL-084
Phone..............202-586-6061
Hours..............7:00 a.m.- 5:30 p.m.

C Germantown Building:
19901 Germantown Rd
Germantown, MD 20874-1290
Room................E-066
Phone.............301-903-4111
Hours..............7:30 a.m. -5:00 p.m.

C 270 Corporate Center:
20300 Century Boulevard
Germantown, MD 20874
Room...............1003
Phone.............301-903-5273
Hours.............8:00 a.m.-5:00 p.m.

Pricing Policy

The Working Capital Fund Board adopted a new Mail pricing policy at its December 11, 2002 meeting. Based on this new policy, Mail service pricing has seven components:

1. Offices pay the actual dollar meter value for outgoing United States Postal Service mail;

2. Offices pay actual cost for Federal Express or other special mail;

3. Offices pay for internal mail distribution based on the number of mail stops based on a Board approved funding levels of $1,313,000 (FY 2003) and $1,418,000 (FY 2004);

4. Offices pay for Mail Security ($149,000/year) based on their percentages of incoming USPS mail over the previous six-month period;

5. Offices pay for Express Mail Labor (annualized levels of $140,000 in FY 2003 and $151,000 in FY 2004) based on their percentage of the total volume of incoming and outgoing special mail during the preceding six- month period;

6. Offices pay for USPS Outgoing labor (annualized levels of $184,000 in FY 2003 and $199,000 in FY 2004) based on their percentage of actual outgoing mail for the prior six months; and

7. Offices pay for specified special services on a negotiated basis with the Mail business .line.

Pricing Method (Billing Calculation)

C Internal Distribution - Customers validate their number of mail stops at the beginning of the fiscal year and pay an annual mail stop cost calculated by dividing the total internal distribution allowance (see above) by the number of stops. An adjustment is made to avoid charging field pouch costs to elements that do not use this service. Mail stops may be adjusted semi-annually as necessary.

- For the operating costs that are distributed based on six-month usage percentages, calculations will be made of actual usage in October through March (to be used for the second half of the fiscal year) and again for April through October (to be used for the first half of the subsequent fiscal year).

C The business provides specialized services on demand for customers including internal program distribution.

C United States Postal Service and Federal Express Mail - Customers pay the actual cost of metered, overnight airfreight, and overseas express mail.

Budget Estimating Method

Budgetary estimates are developed based upon the twelve-month period prior to issuance or submission of IRB and OMB budgets. In other words, budget estimates published in June of the fiscal year reflect actual usage charges for June through May of the preceding year. In FY 2003, adjustments will be made to these calculations for changes in Board pricing policies, as outlined above. Extraordinary or unusual charges in usage patterns are not anticipated in the Fund's estimates. To the extent that such anomalies can be foreseen by the program customer, the cost impact of these charges should be added or subtracted (as appropriate) from the Funds' estimate. Also, possible variations in consumption due to expected charges in staffing levels are not considered in the Fund's estimates.

Annual Projections

WCF projections of current Fiscal Year usage and costs are updated monthly and provided with each bill. Projections are calculated based upon fiscal year-to-date costs annualized. For example, the annual projection calculated as of April would be as follows:

> Total YTD Cost (October - April) divided by 7 multiplied by 12 equal projected annual costs.

During FY 2003, this methodology will be adjusted as necessary to account for changes in the Board's pricing policies.

Billing Cycle

Internal Distribution of mail is billed at the beginning of the fiscal year, with adjustments made in 6-months. The Fund Manager may decide, in periods covered by a Continuing Resolution) to defer a portion of this billing.. United States Postal Service charges are billed monthly, based upon prior month actual usage.

Availability of Detailed Usage Information

Program offices may receive copies of summary data for United States Postal Services, outgoing overnight express packages and parcel services. This summary data will include the class of mail, weight, pieces and cost.

Business Line Objectives: Balanced Scorecard

Objectives for this business are in the format of a balanced scorecard.

- **Customers:** Reduce the amount of time to process and deliver internal mail.
- **Financials:** Reduce customer's mailing costs by utilizing bulk mail rates.
- **Internal Processes:** Maintain the highest security standards for incoming, outgoing, and internal mail distribution.
- **Learning and Growth:** Improve the skills of all staff.

For more information on these objectives and business line performance measures please go to http://www.ma.mbe.doe.gov/wcf and view the Mail Five-year Plan.

Service Standards

- All properly addressed incoming regular mail will be processed and delivered unopened to the appropriate mail stops within one day of receipt by the mail centers.

- Improperly addressed mail will be looked up and every effort will be made to determine a delivery destination. If a delivery point cannot be determined, it will be returned to the sender. If a return address is not available, the mail leader will open the envelope and determine if and where it should be delivered. If a delivery point cannot be determined, it will be disposed of in accordance with United States Postal Service and Department procedures.

- All incoming controlled mail (certified, registered, or insured) will be processed and dispatched in accordance with United States Postal Services and Department directives at the end of each day. Controlled mail received after 3:30 p.m. will be safeguarded and processed for the next dispatch.

Outgoing registered mail is processed and dispatched under United States Postal Services approved combination lock or seal.

Points of Contact

Fund Manager: John Harrison, 202-586-3611

Business Line Manager: Mary Anderson, 202-586-4318

Service Points of Contact: Alvan Majors, 202-586-4338
Anthony Nellums, 202-586-6064

For more information, customers are invited to visit the Mail Business home page at http://www.ma.mbe.doe.gov/me40/Home_MailOperations.htm

FREQUENTLY ASKED QUESTIONS ABOUT THE MAIL BUSINESS LINE

Q. How can I save money on mail distribution?

A. Consult the mail centers when planning a large mailing for discount.

Q. Who do I call to start or discontinue a mail stop?

A. The service point of contact, Tony Nellums, should be called on (202) 586-6064. If he is not available, the business line manager, Mary Anderson, should be contacted on (202) 586-4318.

Q. It is cheaper to have an extra mail stop or to sort the mail ourselves at the program level?

A. Program elements are required to have at least one mail stop. The annual cost of human resources at the program level to sort mail would likely exceed the annual cost of a mail stop.

PHOTOCOPY BUSINESS LINE

Service Description

Photocopy service includes:

C Provision of staffed copy centers at Forrestal, (GE-140),Germantown (S-057), and 950 L'Enfant Plaza (8104) capable of reproducing 25,000 impressions (units) per document. Products available at these centers are:

- Black and white copies up to 11x17 large
- Multiple color copies up to 11x17 large
- Colored and white recycled stock (up to 32lbs.)
- Tape Binding, velobinding (self service), comb (spiral) binding, 3 ring binding
- 3-hole punching
- Tab creation and insertion
- Optical scanning of paper copy documents
- Document storage on tape and CD-ROM
- Digital Printing System (On-demand/just-in-time copying)
- Transparencies for vu-graphs
- Digital Document Management

C Centralized (Walkup) Copy Rooms 36copiers - 23 at Forrestal, 10 at Germantown and 3 at L'Enfant are located in the following areas:

-	FORS:	BE-067	GA-138	GE-140
		GH-091	1F-002 (West)	
		1J-005 (West)	2E-067	2F-032
		3G-019	4A-042	4B-161
		4G-040	5D-028	5E-063
		6A-165	6B-025 (2 copiers)	6B-169
		6E-087	7E-080	7F-053
		8E-096	8G-017	
-	GTN:	A-341	B-402	E-144
		E-214	E-454	G-320
		G-017	G-055	G-434
		S-049		
-	L'Enfant Plaza:	6087	7066	6113

Products available at these centers are:

- Reduction and stapling capability is available at all central locations.
- Enlargement capability is available at all locations except:
  - Forrestal – Room 4A-042
  - Germantown – Rooms A-341 and G-320
- Continuous form computer paper feed.

We recommend that these facilities be used for copying requirements up to 600 impressions (units) per document. For larger requirements, we recommend that you use the staffed copy center.

C Dedicated (Customer-Assigned) Copiers. This includes needs assessment analysis to determine workload and most appropriate equipment to:

- perform acquisition activities on behalf of program customers
- negotiation of equipment trade-in allowance where applicable
- arrange for delivery and installation of newly purchased equipment
- coordinate training for key operators and users on newly acquired equipment
- establish annual maintenance agreements with vendors (including negotiation of most cost-effective terms and conditions)
- provide automated access control and reporting for individual copiers (Equitrac)
- perform equipment "surplus" functions, where appropriate
- provide bulk delivery service for xerographic paper ("by-the-skid")
- provide supply items and storage of (toner, developer, staples, etc.)
- provide just-in-time paper delivery (according to copier usage)

Based on Executive Order 13101 (formerly 12873), DOE is required to use recycled paper for photocopying. Currently, we stock 100% recycled content, 30% of which is post consumer waste content.

For FY 2003, the Working Capital Fund Board endorsed a proposal to acquire the capability for converting existing hard copy materials into digital form, for ease of storage and searching. The business line is acquiring these capabilities and will enter into agreements with customers who choose to employ these capabilities. For more information on how to acquire these services, customers are encouraged to contact Ralph Freedmaan at (202) 586-2832.

For more information on copying services, please see our home page at http://www.ma.mbe.doe.gov/me40/Home_PrintingCopying.htm .

Pricing Policy

Board Adopted Policy

The Board voted that charges would be assessed to copying customers as follows: on a full cost-per-copy basis for central and staff copiers; on a self-supporting, "full-cost" basis for dedicated copiers. For digitization, the initial plan is to use negotiated agreements on a per-page basis to cover the costs of this business segment.

Pricing Method (Billing Calculation)

- Staffed and Central Copiers

  - For black text ink copies, the price-per-copy is 2.8 cents as calculated to be sufficient to cover the full business costs. Cost components included in this charge are:
    - Support service contract staff
    - Depreciation (equipment replacement cost)
    - Maintenance
    - Paper (with storage and delivery)
    - Supplies (toner, developer, fuser agent, etc.)

  - For multi-color copies, the price-per-copy is 50 cents as calculated to be sufficient to cover the full cost of this operation including use of two Xerox DocuColor 60 and one Xerox DocuColor 40 Digital Copiers and one Canon CLC 500. Cost components included in this charge are:
    - Support Service Contract Staff
    - Depreciation (equipment replacement cost)
    - Maintenance
    - Paper (with storage and delivery)
    - Supplies

- Dedicated (Customer-Assigned) Copiers. Charges for dedicated copiers have four cost components:

  - Actual acquisition cost of new equipment; this is a straight "pass-through" of vendor charges to the Fund.
  - Actual maintenance agreement costs (standard maintenance services/maintenance including supplies plus extended/extra usage); this is a straight "pass-through" of vendor charges to the Fund.
  - A price-per-copy of 1.5 cents for xerographic recycled paper (with storage and delivery).
  - Supplies (20% markup) to cover the operating costs of the contract.

Supply items are available at the following locations:
Forrestal, Room GE-116
Germantown, Room E-066

Budget Estimating Method

Budgetary estimates are developed based upon the 12-month period prior to issuance or submission of CRB and OMB budgets. In other words, budget estimates published in June of the Fiscal Year typically reflect actual usage charges for June through May of the preceding year. Extraordinary or unusual charges in usage patterns, as well as, purchases of new equipment are not anticipated in the Fund's estimates. To the extent that such anomalies can be foreseen by the program customer, the cost impact of these charges should be added or subtracted (as appropriate) from the Fund's estimate. Also, possible variations in consumption due to expected changes in staffing levels are not considered in the Fund's estimates.

Annual Projections

WCF projections of current fiscal year usage and costs are updated monthly and provided with each bill. Projections are calculated based upon fiscal year-to-date costs annualized. For example, the annual projection calculated as of April would be as follows:

> Total YTD Cost (October - April) divided by 7 multiplied by 12 equal projected annual costs.

Billing Cycle

All photocopy and supply charges are billed monthly, based upon prior month actual usage. There are no charges for this business line that are assessed annually or quarterly.

Availability of Detailed Usage Information

For Central and Staffed Facilities: individual copying jobs (runs) are captured continuously at point of usage through an automated controlled access device and recorded on a dedicated network server through a proprietary software application furnished by Equitrac, Inc. This information can be provided at any time, as requested for any period (e.g., current month or year-to-date) during the current fiscal year, as specified. Information availability on pre-formatted transaction reports includes:

- Employee badge number
- Employee organization (division level)
- Date
- Number of pages, copies and/or impressions
- Cost per job (run)

- Location of copier

For dedicated copiers, the following information is available:

- Make and model of copier
- Location of copier
- Number of impressions per month (per meter readings)

Business Line Objectives: Balanced Scorecard

Objectives for this business are in the format of a balanced scorecard.

- **Customers:** Provide customers with convenient copy facilities and maintain low total cost to the customer.
- **Financials:** Improve efficiency and ensure full cost recovery.
- **Internal Processes:** Streamline internal processes and apply technology.
- **Learning and Growth:** Enhance the effectiveness, knowledge, and satisfaction of Photocopy Business Line employees.

For more information on these objectives and business line performance measures please go to http://www.ma.mbe.doe.gov/wcf and view the Copy Five-year Plan.

Service Standards

- Upon receipt of request for new or replacement equipment, establish meeting with customer to discuss required specifications and funding within three working days.

- Provide quick turnaround (less than 24 hours) for 25,000 impressions (units) in staffed copier center daily.

- For central copiers, provide twice daily room checks which include clearing of paper jams, cleaning glass and sensors, adding toner as required, copying quality check and replenishing of paper supply.

- Provide maintenance services on all copiers within eight normal work hours.

- Provide detailed usage and management reports on an as-requested-basis within 24 hours.

- Provide overnight and weekend staffed support service in staffed copier center to meet large volume, quick copying requirements.

- A courtesy call will normally be provided to the point of contact when a job is completed; however, we recommend that the point of contact call printing and graphics staff to check the status of the project.

- Provide Just-in-time paper delivery throughout the Headquarter complex. This service is provided on a monthly schedule and as-need-basis.

Program Management Flexibility

- C Ability to effect level of wage and costs: Customers may decide to purchase copiers to be assigned directly to this program organization (dedicated) rather than, or as a supplement to, using central and staffed copy facilities. Our cost analyses indicate that while such copiers may appear to be less costly in the short run, they are generally more expensive to own and operate over the entire life of each machine. This is due to the relatively high cost of equipment replacement combined with less efficient machine usage (lower volume of production). We have a table that shows the estimated price per-copy on a fully-loaded basis for each program and individual photocopier. It illustrates that costs for dedicated equipment tends to range from three to seven cents per copy and average approximately four cents overall.

- C Customers, who choose to purchase dedicated equipment, must coordinate each proposed acquisition with a designated copier management analyst. This is to ensure that DOE meets its requirements to report duplicating and copying activity to the Congressional Joint Committee on Printing. Also, we need to provide for receipt of deliveries (via receiving reports) at the respective loading dock facilities, as well as ensure that federally owned equipment is properly tagged and inventoried in the Property Management System.

Photocopying falls within federal restrictions placed upon government printing operations. Appropriated funds may not be used to obtain photocopy services from vendors outside DOE, without specific approval.

- C Access to centralized photocopiers is restricted to those program personnel who possess a DOE access badge or who have been issued an authorized access code. This information is screened and stored through proprietary software of Equitrac, Inc. This system is capable of blocking access to entire organizational elements or to specific individuals, as specified by the customer organization.

Points of Contact

Business Line Fund Manager: John Harrison, 202-586-3611

Business Line Manager: Mary Anderson, 202-586-2129

Service Points of Contact: Denise Diggin, 202-586-4375
Sandra Best-Jackson, 202-586-5276
For more information on copying services, please see our home page at http://www.ma.mbe.doe.gov/me40/Home_PrintingCopying.htm .

FREQUENTLY ASKED QUESTIONS ABOUT THE PHOTOCOPY BUSINESS LINE

Q. How can I save money on copying? Is it more expensive to have your own machine in the office or use the machines in the hall?

A. Program elements should compare dedicated copier cost per copy to central and staffed cost per copy. Our cost analyses indicate that while dedicated copiers may appear to be less costly in the short run, they are generally more expensive to own and operate over the entire life of each machine. This is due to the relatively high cost of equipment replacement combined with less efficient machine usage (lower volume of production). Dedicated copiers tend to range from three to seven cents per copy and average approximately 4 cents overall, whereas central and staffed copiers are 3.2 cents per copy.

Q. When should I use the staffed copy center?

A. The staffed copy center is available and can be used to provide all copying requirements, but generally it is used for large volume copying (600 units or more).

Q. Who do I call to get my own machine?

A. The service points of contact, Sandra Best-Jackson or Denise Diggin, should be called on (202) 586-4318. If they are not available, the business line manager, Mary Anderson, should be contacted on (202) 586-4375.

PRINTING SERVICES BUSINESS LINE

Service Description

C The Printing Office produces a complete range of high-quality printed products comparable to those available from a full-service commercial enterprise. These include:

- Reports
- Books
- Pamphlets and Brochures
- Public Information Materials
- Presentation and Promotional Posters
- Forms and Letterhead
- Development of Printing Requirements and Specifications
- Business Cards
- One and Two Sided Posters

C Other printing-related services are:

- Mailing/Shipping of printed materials
- Distribution Preparation Services (labeling, consolidation and packaging)
- Automated Mail List Maintenance

C In addition, this business line involves:

- Production of Government Printing Office (GPO) printed inserts to the daily Federal Register
- Production and duplication of various electronic informational media such as compact discs, video diskettes and magnetic tapes.
- Court reporting and transcription services
- The sale and distribution of Printed Products such as letterhead, DOE decals, tabs, folders, certificates and security forms.

Pricing Policy

Board Adopted Policy

- Organizations will pay for direct printing costs as well as Federal Register costs.
  - Organizations pay for direct printed products supply cost with a 20% markup to cover the operating cost on the contract.
  - Organizations will pay a share of Printing Overhead charges, for funding the Internal

Distribution function. Printing Overhead is calculated based on the customer organization's proportionate share of the prior year direct printing cost, adjusted to include both the direct printing that occurs through the Fund and the direct printing that is charged to program funds by direct citation.

Pricing Method (Billing Calculation)

Program offices pay the actual cost of printing, vendor postage, federal register, vendor color copying, court reporting services and printed products supplies.

Budget Estimating Method

Budgetary estimates are developed based upon the 12 month period prior to issuance or submission of IRB and OMB budgets. In other words, budget estimates published in June of the Fiscal Year reflect actual usage charges for June through May of the preceding year. Extraordinary or unusual charges in usage patterns, as well as purchases of new equipment are not anticipated in the Fund's estimates. To the extent that the program customer can foresee such anomalies, the cost impact of these charges should be added or subtracted (as appropriate) from the Funds estimate. Also, possible variations in consumption due to expected changes in staffing levels are not considered in the Fund's estimates.

Annual Projections

WCF projections of current Fiscal Year usage and costs are updated monthly and provided with each bill. Projections are calculated based upon fiscal year-to-date costs annualized. For example, the annual projection calculated as of April would be as follows:

> Total YTD Cost (October - April) divided by 7 multiplied by 12 equal projected annual costs.

Billing Cycle

All printing services are billed monthly, based upon prior month actual usage. There are no charges for this business line that are assessed annually or quarterly.

Availability of Detailed Usage Information

Program offices may receive upon request, copies of summary data for printed products, vendor postage, vendor color copying, federal register and court reporting services. This information includes job title, date received, estimated cost, actual cost and the program contact(s) placing the job order(s).

Business Line Objectives: Balanced Scorecard

Objectives for this business are in the format of a balanced scorecard.

- **Customers:** Provide customers with a convenient job tracking system and an open architecture image database.
- **Financials:** Improve efficiency and reduce overall costs.
- **Internal Processes:** Replace older equipment and methods of performance with new state-of-the-art equipment and functional methods.
- **Learning and Growth:** Improve the knowledge and technical skills of all staff artists for designing and implementing individual web pages up to complex web sites. Enhance the effectiveness, knowledge, and satisfaction of Photocopy Business Line employees.

For more information on these objectives and business line performance measures please go to http://www.ma.mbe.doe.gov/wcf and view the P&G Five-year Plan.

Service Standards

C Will schedule planning conference with customer within eight hours of request to discuss printing requirements which include job specifications and anticipated turnaround times.

C Representatives from the printing staff are available to provide planning assistance during the developmental stages of projects. We encourage customers to seek assistance as soon as project discussion begins.

C The standard turnaround time to process most printed products including business cards ranges from five to 10 working days.

C Distribution of most printed material within one to three days.

C Complex projects (i.e., Science Bowl, Gas Mileage Guide, Ethnic History Months, Press Briefings, 4-color process brochures, etc.) require negotiation of time frames, which typically are 20 to 30 working days.

C A courtesy call will normally be provided to the point of contact when a job is completed; however, it is recommended that the point of contact call printing and graphics staff to check the status of the project.

C Will provide detailed usage and management reports on an as requested basis within 24 hours.

staff will: (1) Provide anticipated date of arrival and (2) Notify the customer if the item will no longer be available.

Points of Contact

Fund Manager: John Harrison, 202-586-3611

Business Line Manager: Mary Anderson, 202-586-4375

Service Point of Contact: Dallas Woodruff, 202-586-4326
Al Majors, 202-586-4338

For more information, customers are invited to visit the business line home page at http://www.ma.mbe.doe.gov/me40/Home_PrintingCopying.htm .

FREQUENTLY ASKED QUESTIONS ABOUT THE PRINTING BUSINESS LINE

Q. How can my office save on printing charges?

A. Program elements can save on printing charges by planning projects in advance. The printing staff is available to attend customer's planning conferences on upcoming projects. This can eliminate surcharges associated with meeting quick turnaround times and allow for alternative specifications to be applied.

Q. Who do I call to find out how we have been spending money on printing?

A. You can call the service point of contact, Dallas Woodruff, on (202) 586-4326. If he is not available, the business line manager, Mary Anderson, should be contacted on (202) 586-4375.

Q. Can I get a summary of how we spent money last year?

A. Yes, a detailed summary is available at the customer's request. Standard turnaround time of a detailed summary is 24 hours. Program offices may receive upon request, copies of summary data for: printed products, vendor postage, vendor color copying, and Federal Register and court reporting services. This information includes job title, date received, estimated cost, actual cost and the program contact(s) placing the job order(s). This information can be provided at any time, as requested for any period (e.g., current month or year-to-date) during the current fiscal year, as specified.

Q. Can I ask ME to restrict who can order printing services?

A. Yes, program elements can establish signature authority on who can order printing services for them by sending a memorandum to the business line manager, Mary Anderson.

BUILDING OCCUPANCY BUSINESS LINE

Service Description

The core services in the Building Occupancy Business Line include space, utilities such as heat and electricity, cleaning services, snow removal, maintenance, pest control, trash removal, and waste recycling. Engineering and facilities services provided are drafting, construction, engineering, lock repair and key management, safety and occupational health, moving services, and conference support. For more information, customers are invited to the Headquarters Building Services home page at http://www.ma.mbe.doe.gov/me40/Home_BuildingServices.htm

Pricing Policy

Board Adopted Policy

There are four components to the Board policy:

- On a building-by-building basis, direct rental value of the space assigned to each organization is calculated, based on the actual rent charged to the Department by the General Services Administration (GSA). Customer rent costs are based on areas expected to be assigned to each organization on October 1 of the Fiscal Year.

- Then the common use space costs in each building are divided among the tenants of that building based on their proportional shares of direct rent costs.

- Certain additional costs, such as common area alterations and health and life safety programs, are allocated as a prorata addition to the building-by-building charges described above.

- In addition to the forgoing space rental charges, customers may ask for and be billed for extra services such as alternations that are not part of a common improvement program or special heating or air conditioning charges associated with extended hours or weekend operation.

Billing Practice

At the beginning of the fiscal year, the actual assigned space is determined for each organization. The rent for this space is calculated along with that of vacant and common space within each building. Each organization is provided with an occupancy agreement which shows the amount of each category of space (office, storage, ADP, etc), the cost for that type of space, and their prorata share of the building's common space. The occupancy agreement also includes the organization's prorata share of the engineering and facilities costs, as well as the credits for GSA delegation. Copies of the rent charts and floor plans are available upon request.

Billing Cycle

The final figure is billed to each organization in four quarterly installments (October, January, April, and July). Adjustments such as costs for additional rent and overtime heating, ventilation, and air conditioning and tenant alterations are billed at the end of the monthly billing cycle as soon as possible after the costs are incurred.

Budget Estimating Method

The budget for upcoming years is determined by using historical information such as the costs for utilities as well as the information provided by the GSA as to the anticipated rent for future years. An inflation factor is used for anticipated contract and service projections when historical information is limited. Projections of how much space an organization will be assigned in future years is based on information from the organization as to whether they anticipate releasing space or acquiring additional space, as well as historical information, space availability, and Departmental objectives. The estimates are based on our best information at the time.

Business Line Objectives: Balanced Scorecard

Objectives for this business are in the format of a balanced scorecard.

- **Customers:** Improve customer satisfaction
- **Financials:** Reduce cost per person
- **Internal Processes:** Operate and maintain equipment and systems in a manner that will provide for orderly operations of the Department, be environmentally responsible, and ensure preservation of the Government's real property assets.
- **Learning and Growth:** Improve knowledge, skills and abilities of business line staff in support of business systems and business line mission

For more information on these objectives and business line performance measures please go to http://www.ma.mbe.doe.gov/wcf and view the Building Five-year Plan.

Service Standards

C Maintenance services will be provided within 24 hours (three hours in an emergency).

C Installation and removal of telephone and electrical outlets will be completed within 30 days.

C Alterations costing less than $2,000 will be completed in the following phases: design (one to seven days), procurement (two to three days), and construction (one to seven days). This does not include organizational review time.

- Alterations costing less than $25,000 (but more than $2,000) will be completed in the following phases and time frames: design (15 to 30 days), procurement (six weeks), and construction (seven to 30 days). This does not include organizational review time.

- Alterations costing more than $25,000 will be completed in the following phases and time frames: design (30 to 90 days), procurement (90 to 120 days), and construction (30 to 180 days possibly longer depending on scope of work).

- All Headquarters-related safety and health complaints will be investigated within 24 hours of receipt of complaint call. Imminent danger situations will be investigated immediately.

- An annual safety and health survey (walk through) will be conducted of all high-hazard areas. A questionnaire may be used in lieu of a walk-through for low-hazard (office) spaces.

- Fire drills will be conducted at least annually in each building. Fire drills may be as frequently as quarterly; however, if quarterly drills are conducted, only two will be whole building evacuations.

- Warden/Monitor training will be conducted at least annually.

Management Flexibility

The customer has the flexibility to request additional space or release space based on programmatic activities. Space must be acquired or released in useable allotments, be accessible from a corridor, and separated (with minimal construction) from adjacent space. For example, we cannot accept for release, an internal 150 square foot office as this is not space that can be used nor is it directly accessible by another organization.

If an organization requests additional space, the request will be filled based on the availability of vacant space or leased space through the GSA. Federal law prohibits organizations from procuring external leased space for federal employees. The requesting organization will be responsible for the tenant alterations costs. If one organization is displacing another, the displacing organization will be responsible for the standard level costs for the organization being displaced as well as all the costs to relocate themselves.

When an organization releases space, it becomes vacant (common) space unless another organization is willing to backfill ("sublease") that space. No changes in rent charges are made until the first of the following fiscal year, unless the backfilling organization agrees to pay for the space occupied. Then the vacating organization can be credited. If an agreement is reached, only the rent for this space will be used for the within year charges/credits; no adjustments for common space or engineering and facilities charges will be made.

Points of Contact

Business Line Fund Manager: John Harrison, (202) 586-3611
Business Line Manager: Louis D'Angelo, (202) 586-6080
Service Points of Contact: Cherylynne Williams or Michael Shincovich, (202) 586-6080

FREQUENTLY ASKED QUESTIONS ABOUT THE BUILDING OCCUPANCY BUSINESS LINE

Q. Is the building occupancy rent amount set only at the beginning of each fiscal year, or will adjustments be allowed during the year as additional space is occupied or vacated?

A. The building occupancy rent amount is set on October 1 of the fiscal year. Adjustments may be made as organizations request above standard services such as overtime heating, ventilation, and air conditioning. There could also be a credit at the end of the fiscal year (or beginning of the subsequent fiscal year) if the savings are greater than expected during a year. The decision to credit the organizations would be made by the Working Capital Fund Board based on recommendations from the Working Group and the Business Line Manager.

Q. How can my office save money on space rental costs for this Fiscal Year and for out years?

A. The best way to save money on space rental costs is to consolidate within existing space or request space into which the organization or office can be consolidated. Archiving or properly disposing of files can help to reduce the amount of storage space or valuable office space needed. Releasing space during a fiscal year will save on future rent bills unless you can arrange for a "sublease" to another organization as described under Management Flexibility.

TELEPHONE BUSINESS LINE

Telephone services consist of two general enterprise categories: (I) Infrastructure and (II) Usage. Some telecommunication activities are not currently included in this WCF business line, including local and long distance telephone usage at DOE Field sites; acquisition of telephone instruments (desktop, cellular, speaker); and paging instruments and paging service plans.

I. Telephone Infrastructure

Service Description

Headquarters telephone infrastructure encompasses all equipment, maintenance and support required to permit complete telecommunications operability throughout the Headquarters complex, including:

- HQ Campus Connectivity (Circuits) through the Information Exchange (IX) System
- HQ Private Branch Exchange System (Trunk lines and Exchange numbers)
- Trained technical personnel to install, repair and operate the Headquarters telephone system
- DOE Operator Directory Assistance Service

Cost Structure

Telephone infrastructure costs are predominately fixed and totaled approximately **$5.4 million in FY 2002**, comprised of:

- Leased telecommunications circuits connecting the Headquarters-wide facilities to each other and to the FTS2001 system;
- Private Branch Exchange (PBX) Trunk lines (416 @ Fors, 309 @ Gtn) and assignment fees (for –903, - 586, - 287);
- Technical contractor support for IX operations to install, operate and maintain the various common telecommunications infrastructure. This cost is applied to the Telephone business line @ **41%** of total cost. [The remaining 59% of such costs is allocated to non-HQ Field sites, based upon population, and is assessed outside the WCF process directly to each field site];
- Telephone Operator and DOE Directory Assistance services;
- Telephone Directory Publication and update services;
- Telecommunications management and integration services. This cost is applied to Telephone Infrastructure @ **65%** of total cost. [The remaining 35% of such costs is applied to the Networking business line.]
- Non-federal administrative ("Business Mgmt.") support functions involved with reconciliation and payment of vendor invoices, record-keeping, accounting and financial

reporting for business related activities. This cost is applied to Telephone Infrastructure @ **6.9%** of total contractual cost. [The balance of such costs is applied to the Networking and Desktop business lines at 6.9% each and to non-WCF expenses at 79.3%.]

- ADP contractor support involved with accumulating, translating and verifying commercial vendor billing data and converting vendor data files to formats appropriate for summarizing, tracking and billing program customer usage (the "Telecommunications Billing System"). This cost is applied to Telephone Infrastructure @ **32.5%** of total cost. [The balance of such costs is applied to the Networking business line at 17.5% and non-WCF Field telephone expenses at 50%.]
- Replacement and upgrade of DOE-owned telecommunications equipment and related depreciation of capitalized assets. [In FY2001, amortized depreciation costs totaled **$682,130** for all capital assets.]
- <u>Not included</u> in the Cost Structure: (1) Salaries, benefits, personnel services and payroll processing for federal employees who operate and manage the enterprise activities; (2) Building Occupancy and indirect general administrative expenses (communications, PC support, printing, photocopying, etc.) necessary to furnish and equip office facilities for both federal and contractor employees located at DOE facilities; (3) Training and Travel expenses for federal employees involved with operation and management of the enterprise activities. [In FY2001 these costs were paid directly by funds allotted for CIO activities and totaled approximately $384,000]

Pricing Policy

The WCF Board adopted the original pricing policy during two consecutive meetings on April 23 and May 21, 1996 (to be effective in FY1997). It provides that the "full cost" of Telephone infrastructure is to be recovered by the Telephone business line through a pro rata allocation of total estimated service costs, based upon the most recent available inventory of telephone lines at all Headquarters facilities. The Board updated the pricing policy on November 10, 1999 (to be effective in FY2000) to authorize an increase in infrastructure charges of "approximately $700,000" to allow recovery of equipment replacement costs according to pro rata share of total telephone lines. The pricing policy was adjusted a third time by the Board on July 26, 2000 to acknowledge the reduction of infrastructure costs by an estimated $250,000 per year (effective in FY2002) due to consolidation of the telephone system at L'Enfant Plaza with that at Forrestal.

Pricing Method (Billing Calculation)

- The Office of CIO maintains a master inventory (via the Telecom Management System) of all telephone lines (Balun, LAN, Data, Centrex, Single) within the DOE Headquarters facilities. Each line is identified by employee name, responsible program organization and location. In the case of shared/common use facilities, lines are designated by type of facility and location. This inventory is verified at the beginning of the fiscal year and revised continuously throughout the year.
- Total Telephone infrastructure costs are estimated prior to the beginning of each fiscal

year, based upon the cost components itemized in the "Cost Structure" section above.

- Total annual equipment replacement charges are determined at the beginning of each fiscal year based upon an annualization of monthly depreciation costs recorded in the HQ accounting system (DISCAS) at that time. Depreciation costs are a straight-line declining amortization calculation based upon estimated useful life and "book value" (usually acquisition cost) for all capital assets "owned" by the Telephone business line (individually or in groups). The total annual assessment for equipment replacement is the lower of: (1) actual depreciation costs recorded by the Headquarters Capital Accounting Center at the beginning of the fiscal year, annualized (e.g., October monthly amount times 12) or; (2) the fixed dollar limit specified by approval of the WCF Executive Board.
- Telephone infrastructure costs are allocated to HQ program elements, at the rate of 1/12th the estimated annual cost per month, according to pro rata share of the total telephone line inventory, calculated as: (1) the sum of annual estimated infrastructure costs plus the annual equipment replacement assessment; (2) divided by 12 and; (3) the result multiplied by the appropriate allocation ratio for each billable customer organization. The allocation ratio for each customer organization is comprised of: (1) as the numerator, the number of telephone lines assigned as of the 25th of each month and; (2) as the denominator, the total of all telephone lines as of the same date for all Headquarters customer organizations.
- Infrastructure allocation charges are assessed at either of two organizational levels, according to customer preference: (1) the Primary Program organization level (Assistant Secretary, Director or Administrator) or; (2) the Office Level or corresponding organizational level immediately subordinate to the Program Assistant Secretary, Director or Administrator.
- Since the Telephone infrastructure enterprise pertains only to Headquarters facilities, no charges are assessed through the WCF to Field elements or to HQ LPSO's for Field-related infrastructure.
- Because cost allocations are calculated monthly and the number of phone lines used for allocation is revised on a continuous basis, it is quite likely that both gross monthly charges and per unit rates will vary somewhat from month to month.

Billing Cycle

- Telephone infrastructure allocations are compiled every month, based upon the latest inventory of telephone lines. Charges are calculated as of the 25th of each month (for the current billing month) and the WCF Manager between the 5th and 7th workday of the following month normally issues billings. Since infrastructure billing is current with respect to costs allocated, there are no accrued charges at the end of the fiscal year.

Budget Estimating Method

- Budget estimates are generally developed using the more representative of two historical methods: (1) the sum of actual WCF charges for the most recent 12-month period prior to issuance of the estimates (e.g., the total of May, PY - April, CY, for IRB estimates prepared in May) or; (2) the straight-line projection of actual year-to-date charges for the current FY to extrapolate annualized amounts expected for the current FY (e.g., the total of actual charges during Oct - April times a 7-month annualization ratio, 12/7, for IRB estimates prepared in May).

- WCF budget estimates do not typically include general or presumed inflation factors, although historically-based projections are adjusted accordingly where definite contractual cost increases or decreases are known to impact the future budget year.
- Budget estimates do not typically include potential or proposed changes in business line pricing structures, unless already approved by the WCF Board for the budget year being formulated.
- Extraordinary or unusual changes in usage patterns, customer allocation bases, organizational structures, and customer staffing levels are usually not anticipated in the Fund's estimates (due to insufficient lead time). Similarly, customer purchases of dedicated service and equipment are typically not identified soon enough to be included in Fund projections.
- Budget estimates are provided solely as guidelines for use by program elements in formulating budget requests for Program Direction funding to Congress. Estimates are made available in mid-May for IRB submissions and in mid-August for OMB submissions. Program organizations are not bound by WCF estimates and may choose to develop alternative estimates based upon whatever criteria and assumptions are deemed appropriate. To the extent that program customers can predict deviations from the norm, due to any number of relevant circumstances, WCF estimates should be revised to reflect the budgetary impact of such changes. Similarly, customers may choose to adjust Fund estimates to include an inflation factor or to anticipate possible pricing changes.

CY Cost Projection Method

- WCF projections of current Fiscal Year (CY) usage and charges are updated monthly and provided as a spreadsheet attachment with each bill (Table III, "Annualized Costs as of [Date]"). Projections are calculated based upon fiscal year-to-date charges annualized. For example, as of the end of April this calculation would be: [7-Month Total Charges (Oct - April)] X 12/7.

Business Line Objectives: Balanced Scorecard

Objectives for this business are in the format of a balanced scorecard.

- **Customers:** Provide customers with timely and consistent services and maintaining as low as possible costs to the customers.
- **Financials:** Improve efficiency and ensure full cost recovery of ongoing daily costs as well as needed periodic capital improvements.
- **Internal Processes:** Streamline internal processes and in FY 2002 or FY 2003 introduce

Web based ordering and customized service offerings.
- **Learning and Growth:** Enhance the effectiveness, knowledge, and satisfaction of the Lines' employees.

For more information on these objectives and business line performance measures please go to http://www.ma.mbe.doe.gov/wcf and view the Telephone, Networking and Desktop Five-year Plan.

Service Standards

The HQ service standards for telephone infrastructure are:

- Essentially 100% reliability of equipment and connections for all types of telecommunications (local and long distance).

- Customer Service Representatives are available during the extended business hours of 7:00 a.m. to 6:00 p.m. Response time for routine telephone problems experienced during regular business hours is four hours or less. The number to call for repairs is **120.**

- Customer Service Representatives are available to take orders for telephone service from 7:00 a.m. to 6:00 p.m., Monday – Friday. Requests for telephone(s) to be installed, relocated, disconnected or reconfigured will be completed within 5 working days from receipt. The number to call for service is **(301) 903-4999.**

- A HQ Telephone Operator is available from 7:00 a.m. to 7:00 p.m. to assist users with call connections, directory reference, or to schedule multiple-call ("Meet Me") conferencing. Dial **"0"** for Operator assistance.

Customer Flexibility

Telephone Infrastructure is a "corporate service" that provides a common, standard facility available to all organizational elements at DOE Headquarters. Since this service promotes the welfare of the general community and is potentially of benefit to all programmatic activities, cost allocations are correspondingly spread across the entire community of connected users. Because the cost components necessary to support this infrastructure are relatively fixed, customer options for direct reduction in the cost of service is limited. However, customer organizations do have some latitude with respect to controlling the pro rata share of these costs. In so doing, customers may also contribute indirectly to incremental reductions, or even reengineering, of overall infrastructure costs. Customers may manage Telephone costs in the following ways:

- Manage telephone inventory to minimize connections to the common infrastructure.
- Periodically verify the inventory of telephone lines and update changes on a continuous basis.

- Request removal of telephone lines no longer needed and reassignment of those transferred to other organizations.

II. Telephone Usage

Service Description

Headquarters Telephone Usage encompasses the full range of telecommunications services provided by the major private-sector commercial vendors: Verizon, AT&T, and MCI. Services included within this category are:

- Local, long distance, and international person-to-person and operated-assisted calling.
- Specialized services such as multiple-party conferencing and electronic voice mail and custom calling cards.
- Individualized call management features such as three-way calling, call forwarding, automatic ring-back, stored number auto-dial, and internal caller ID
- Emergency Exchange Service (Dial 411)

Cost Structure

Telephone usage costs are substantially variable and predominately severable and totaled **$1.4 million in FY 2002**, comprised of:

- Local telephone usage at Headquarters facilities, based upon actual costs incurred through the commercial vendor for this service, Verizon (WITS2001)
- Long Distance telephone usage at Headquarters facilities, based upon actual costs incurred through the commercial vendors for this service, MCI (FTS2001) and AT&T.
- International telephone usage at Headquarters facilities, based upon actual costs incurred through the commercial vendor, MCI (FTS2001)
- <u>Not included</u> in the Cost Structure: (1) Salaries, benefits, personnel services and payroll processing for federal employees who operate and manage the enterprise activities; (2) Building Occupancy and indirect general administrative expenses (communications, PC support, printing, photocopying, etc.) necessary to furnish and equip office facilities for both federal and contractor employees located at DOE facilities; (3) Training and Travel expenses for federal employees involved with operation and management of the enterprise activities. [Currently, there are no costs of this type associated with the Telephone Usage enterprise. See the Infrastructure "Cost Structure" section, above]

Pricing Policy

The WCF Board adopted the original pricing policy during two consecutive meetings on April 23 and May 21, 1996 (to be effective in FY1997). It provides that Headquarters (only) Telephone usage is to be charged to program customers as a direct "pass-through" of actual usage costs incurred through commercial vendors (billed to DOE via GSA). The Board updated the pricing policy on November 10, 1999 (to be effective in FY2000); however, the revised policy pertained to infrastructure only, not to usage-based pricing. The Board adjusted the pricing policy a third time on July 26, 2000 but, again, the pricing of usage-based services was not effected. [See Section I., Telephone Infrastructure, “Pricing Policy”, above.]

Pricing Method (Billing Calculation)

- Calls originating from the Headquarters sites are registered and logged through the Telecommunications Management System (TMS). With each outgoing call, a call detail record (CDR) is created consisting of the originating telephone number, terminating telephone number, time and date.
- As bills from commercial vendors are received, outgoing telephone calls (local, long distance, international) are compared with call detail records in the Telecom Management System to identify the originating caller and corresponding program organization to which specific telephone numbers are assigned. Vendor bills typically cover services provided in the prior 4-6 week period.
- Each month there are some calls that, for various reasons, cannot be correlated to a specific program organization. In addition, other calls originate from shared / common use lines that are not associated with a specific program customer and/or provide a benefit to the general Headquarters community. These include: conference rooms, auditoriums, 800 exchange access to voice mail, some support contractors, and some protective services facilities. Similarly, telephone service provided to other federal agencies within the HQ complex (e.g., CFC, FERC, GAO, GSA) are treated as shared / common usage. The cost of these “unmatched” and common usage calls is allocated to all customer organizations based upon pro rata share of total usage costs for each month.
- The allocation of non-attributable usage costs is calculated as follows: Org. usage / HQ total usage X (HQ Unmatched + Common Usage) = Org. Allocation
- The “Universal Service Fund” (USF) charge is assessed by local and long distance service providers to fund programs that support connecting schools and libraries to the Internet as well as to subsidize telecommunications costs for rural health care providers. This charge is passed to each HQ program organization as 4.9 % of total monthly usage costs for each commercial vendor.
- Telephone usage charges are assessed at either of two organizational levels, according to customer preference: (1) the Primary Program organization level (Assistant Secretary, Director or Administrator) or; (2) the Office Level or corresponding organizational level immediately subordinate to the Program Assistant Secretary, Director or Administrator.
- Since the Telephone usage enterprise pertains only to Headquarters facilities, no charges are assessed through the WCF to Field elements or to HQ LPSO’s for Field related usage.
- Because telephone usage is compiled monthly, based upon actual costs incurred, gross monthly charges may vary considerably from month to month. However, per units rates may remain effectively unchanged for a period of several months or more.

Billing Cycle

- Local and long-distance telephone usage is compiled and billed monthly, with an average two-month delay between the latest available usage period (from the vendor) and the WCF billing period (e.g., August billing is based upon June usage). Charges are calculated as of the 25th of each month (for the current billing month) and the WCF Manager between the 5th and 7th workday of the following month normally issues billings.
- In each FY, the Telephone billing for August includes accrued (estimated) charges for two months of usage (August and September), as well as actual charges for June. [Actual charges for July appear in the September bill]. In the next FY, actual charges for August usage appear in the October bill along with reversals of the August estimates previously billed. Actual charges for September appear in the November bill along with reversals of the September estimates previously billed. Because of this accrued billing method, charges reflected in the October and November bills are nearly negligible, since actual costs are offset with accrued estimates and only the difference is apparent. Correspondingly, charges reflected in the August bill are approximately 3 times those of an average month. [Accruals and reversals appear on customer billing statements as a distinct service category - they are not literally netted together with actual charges.]

Budget Estimating Method

- [See "Budget Estimating Method" under Section I., " Telephone Infrastructure."]

CY Cost Projection Method

- WCF projections of current Fiscal Year (CY) usage and charges are updated monthly and provided as a spreadsheet attachment with each bill (Table III, "Annualized Costs as of [Date]"). Projections are calculated based upon fiscal year-to-date annualized. For example, as of the end of April this calculation would be: [7-Month Total Charges (Oct - April)] X 12/5]. For telephone usage the multiplier is 12/5 (instead of 12/7) because, due to the two-month delay in billing for current year usage, the 7-month period being projected includes only 5 months of charges (see “Billing Cycle” section, above).

Service Standards

- Service reliability is nearly 100%.

- A HQ Telephone Operator is available from 7:00 a.m. to 7:00 p.m.to assist users with call connections, directory reference, or to schedule multiple-call (“Meet Me”) conferencing. Dial **“0”** for Operator assistance.

- Response time for non-emergency telephone problems during a normal business day (8:00 a.m. to 5:00 p.m.) is four hours or less.

Customer Flexibility

All phone calls placed through available infrastructure circuits over hard-wire transmission lines (non-cellular) are subject to the per unit prices, unit counts and usage measurements determined by the contracted vendors providing each type of service. Customers may not select alternative vendors to provide such local or long distance service. However, customers may manage telephone usage costs in the following ways:

- Control the type of service available to each connected telephone line (i.e., intra-building only or; local service only, without long distance access)
- Limit the special features available to each phone line.
- Limit the number of telephone instruments and the features included with each instrument (e.g., hands-free speakers and head-sets). These are non-WCF costs.
- Establish an organizational policy to promote awareness of telephone usage costs and to encourage employees to limit long distance and local calls to business-related purposes.

Points of Contact

Business Line Manager:
Carlos Segarra 202-586-3111

Service Managers:
Judy E. Saylor 301- 903-4999
Diane McDonough 301- 903-2711

For more information, customers are invited to visit the Telephone business web site at http://cio-ops.doe.gov/telecom/ .

Frequently Asked Questions

Q. Who should we call to disconnect unused telephone lines or to restrict telephone usage (information assistance, long distance, etc.)?

A. Customers should contact either Judy Saylor on (903-4999) or Diane McDonough (903-2711) for all telephone service requirements.

Q. Who pays for telephone instruments and how do we get them?

A. The purchase of telephone instruments (both desktop and cellular) is not a service of the Working Capital Fund. However, the Office of the Chief Information Officer will assist program organizations with such purchases through a non-WCF direct customer funding arrangement. The WCF does provide repair and maintenance service for existing telephone instruments. Please contact either Judy Saylor (903-4999) or Diane McDonough (903-2711) when either new instruments or repair service is required.

Q. Can my organization purchase its own telephone instruments directly, rather than through the Office of CIO? Are there any equipment standards that are applicable?

A. Yes, a program organization may buy desktop and cellular telephone equipment directly from private-sector vendors. However, the Headquarters telephone system is proprietary to Northern Telecom Inc. (NORTEL) and any telephone instruments connected to the system must be compatible with system standards. To insure compatibility, it is advisable to consult with the Office of CIO Operations Division. The Telephone business line does not warranty NORTEL compatibility nor does it provide repair and maintenance service for non-compatible equipment. Customers should also be aware that telephone infrastructure charges (based upon telephone line connections) still apply.

Q. How can my office reduce its telephone costs?

A. The options available for customers to directly reduce their telephone system costs are to reduce local, long distance and international calls. The cost of completing these calls and the duration for long distance and international calls are directly charged to the incurring organization. An individual organization has the option of limiting the type of services available on their office telephones (e.g., (1) only intra Forrestal and Germantown locations, (2) only intra and local calling, (3) only intra, local and long distance calling, etc.).

DESKTOP BUSINESS LINE

Desktop Support Service consists of two major enterprise activities: (I) PC Workstation Maintenance and (II) PC Help Desk Services.

I. PC WORKSTATION MAINTENANCE

Service Description

Desktop Support Service provides maintenance at all Headquarters locations for IBM-compatible (PC's) and related peripherals as well as technical expertise to facilitate the day-to-day operation of standard hardware and software applications. It involves:

- Installation, repair, upgrade, disconnection and reconnection of PC's (Desktop, Laptop, Notebook), printers, monitors, modems and utility peripherals.
- Furnishing of temporary replacement PC equipment for short-term use and make appropriate accommodations for standard disk imaging software when immediate repairs cannot be completed. This is contingent upon availability of suitable equipment.
- Relocation of PC equipment, within the same facility or between facilities (performed as a Time & Materials charge in all cases).
- Repair of facsimile equipment (performed as a Time & Materials charge in all cases).
- Procurement and administration of maintenance contracts with third party vendors for program-dedicated service of electronic equipment (subject to an administration fee of 10% of the contract value).
- Implementation of warranty maintenance service with equipment manufacturers (see "Service Standards"). Usually, manufacturers require that equipment under warranty be repaired or replaced by the warranty service provider of record or other manufacturer-certified vendor. This service option includes performance of all vendor-required diagnostic tests as well as "round-trip" return of equipment to an authorized service center (disconnect, package, ship, follow up and reinstall).
- Document scanning and file conversion between compatible applications and file formats.
- <u>Not included as a WCF service</u> is acquisition of program-dedicated PC equipment, related peripherals and software licenses. The CIO currently provides this "procurement" service as a non-WCF activity.

Cost Structure

Desktop Maintenance Service charges are entirely variable (non-fixed) and will total about **$595,000** in FY2003 (not all of which will be recovered through the business pricing structure). These costs are comprised of:

- Contractor technical support staff that performs the full range of equipment maintenance activities for standard hardware components. These costs include **50%** of total contractual costs associated with hardware support provided through the Infrastructure Support Center (the "Help Desk"). [The remaining 50% of Help Desk costs, which are for Software Support, are applied to Help Desk Services, formerly referred to as the Workstation Infrastructure Charge.]
- Parts, supplies, transportation and installation associated with repair, replacement and upgrade of PC's and other electronic equipment.
- <u>Not included</u> in the Cost Structure: (1) Salaries, benefits, personnel services and payroll processing for federal employees who operate and manage the enterprise activities; (2) Building Occupancy and indirect general administrative expenses (communications, PC support, printing, photocopying) necessary to furnish and equip office facilities for both federal and contractor employees located at DOE facilities; (3) Training and Travel expenses for federal employees involved with operation and management of the enterprise activities. [Currently, costs of this type are identified as Infrastructure and paid directly by funds allotted for CIO activities. [In FY2002 these costs were paid directly from funds allotted for CIO activities and totaled approximately $530,000 for all Desktop activities combined.]
- <u>Not included</u> in the Cost Structure: Replacement and upgrade of DOE-owned equipment and related depreciation of capitalized assets. [To date, no equipment assets have been capitalized on the accounts of this business line and therefore no depreciation expenses are being incurred.]

Pricing Policy

The WCF Board adopted the original pricing policy during two consecutive meetings on April 23 and May 21, 1996, (to be effective in FY1997). It provided that customers would be billed on a subscription basis (flat annual fee) for each workstation covered by the effective Customer Service Agreement negotiated at the beginning of the fiscal year. The subscription charge, initially set at $250/yr/workstation, applied to all equipment regardless of age or warranty status.

The Board updated the pricing policy on September 16, 1997, (to be effective in FY1998). The revised policy established two subscription levels with varying types of service and different pricing: 1) "Non-Warranty Subscription" **($250/yr/workstation)** for equipment not under a commercial vendor's warranty and; 2) "Warranty Subscription" **($100/yr/workstation)**, for equipment already covered by a commercial warranty. In addition, the revised policy established a third pricing/service option, "Time & Materials". This option provides for a direct fee-for-service, per-occasion charge at a flat hourly rate plus pass-thru of actual costs for parts and materials. The Time & Materials option may be formally elected by customer organizations (in whole or in part) or, if not stipulated as a customer preference, the T&M rate will apply to any repairs on equipment not already included under a documented subscription plan as well as to any non-standard service performed for subscribed equipment.

Pricing Method (Billing Calculation)

- Fixed hourly rates (for Time & Materials charges) and fixed annual rates (for Non-Warranty and Warranty Subscription charges) are the most recent, duly approved, effective rates and are subject to change during the fiscal year, if so approved. Rate increases must be approved by majority vote of the WCF Board; however, rate decreases require concurrence of the Fund Manager only.
- For Subscription service, the inventory of equipment to be covered is documented prior to the beginning of each fiscal year through an appropriately authorized Customer Service Agreement. Documentation includes equipment type, physical location, DOE property number and commercial vendor's warranty period, if applicable. Equipment not documented in this manner will be serviced on a Time & Materials basis.
- Maintenance Service charges are assessed at the Office Level or corresponding organizational level immediately subordinate to the Program Assistant Secretary, Director or Administrator. However, billings are calculated according to individual workstations subscribed or, in the case of Time & Materials charges, according to individual workstations serviced. Detailed reports, showing specific service calls and subscribed workstations, are available upon request. Since the Desktop enterprise is a Headquarters-only support service, supporting Field Office Equipment will be charged to the approved Headquarters organization. A description of each pricing method follows:

(A) <u>Time and Materials (T&M)</u>:

This pricing option applies to any maintenance service rendered (either by customer order or by management directive) for any PC or other electronic equipment not covered by an effective Subscription plan. T&M is available either with or without an authorized Customer Service Agreement, although a documented CSA is preferable. When performing a service call, whether by phone or in person, service technicians record start and stop times to determine the elapsed time required to complete a discrete maintenance task (or group of tasks if related to an integrated performance outcome). If an entire maintenance procedure cannot be accomplished during a continuous (uninterrupted) time interval, several stop-start times may be involved in accumulating the total amount of time expended.

Charges are calculated for each service call as the sum of:
(1) Total actual service time and is multiplied by the hourly labor rate in effect at the time of service (**$75/hr in FY2002.** All T&M maintenance is assessed at a minimum service time of no less than one-half hour, plus; (2) the pass-through cost of commercially obtained parts and supplies necessary to accomplish the repair or performance outcome.

Since charges are based upon the number, duration and cost of on-demand service, both gross monthly charges and per call charges may vary considerably from month to month.

(B) Subscription Service (Non-Warranty and Warranty Options):

The annual subscription fee per workstation (**$250** for the Non-Warranty option; **$100** for the Warranty option) is multiplied times the number of workstations covered by the Subscription plan, as documented in the most recently negotiated Customer Service Agreement. The resulting total annual subscription amount is divided by 12 to calculate the monthly amount to be charged. Subscriptions may be added at any time during the FY (effective at the beginning of the next whole month) and annual charges will be pro rated accordingly for the number of whole months remaining in the year (i.e., charged monthly from the start of the month following inception of service). Charges are not pro rated for periods of less than one calendar month.

Billing Cycle

- Maintenance charges are compiled every month, based upon service performed between the 26th of the preceding month and the 25th of the current (billing) month. The WCF Manager between the 5th and 7th workday of the month following the billing period normally issues billings. Since billing is current with respect to costs incurred, there are no accrued charges at the end of the fiscal year.

Budget Estimating Method

- Budget estimates are generally developed using the more representative of two historical methods: (1) the sum of actual WCF charges for the most recent 12-month period prior to issuance of the estimates (e.g., the total of May, PY - April, CY, for IRB estimates prepared in May) or; (2) the straight-line projection of actual year-to-date charges for the current FY to extrapolate annualized amounts expected for the current FY (e.g., the total of actual charges during Oct - April times a 7-month annualization ratio, 12/7, for IRB estimates prepared in May).
- WCF budget estimates do not typically include general or presumed inflation factors, although historically-based projections are adjusted accordingly where definite contractual cost increases or decreases are known to impact the future budget year.
- Budget estimates do not typically include potential or proposed changes in business line pricing structures, unless already approved by the WCF Board for the budget year being formulated.
- Extraordinary or unusual changes in usage patterns, customer allocation bases, organizational structures, and customer staffing levels are usually not anticipated in the Fund's estimates (due to insufficient lead time). Similarly, customer purchases of dedicated service and equipment are typically not identified soon enough to be included in Fund projections.
- Budget estimates are provided solely as guidelines for use by program elements in formulating budget requests for Program Direction funding to Congress. Estimates are made available in mid-May for IRB submissions and in mid-August for OMB submissions. Program organizations are not bound by WCF estimates and may choose to develop alternative estimates based upon whatever criteria and

assumptions are deemed appropriate. To the extent that program customers can predict deviations from the norm, due to any number of relevant circumstances, WCF estimates should be revised to reflect the budgetary impact of such changes. Similarly, customers may choose to adjust Fund estimates to include an inflation factor or to anticipate possible pricing changes.

CY Cost Projection Method

- WCF projections of current Fiscal Year (CY) usage and charges are updated monthly and provided as a spreadsheet attachment with each bill (Table III, "Annualized Costs as of [Date]"). Projections are calculated based upon fiscal year-to-date charges annualized. For example, as of the end of April this calculation would be: [7-Month Total Charges (Oct - April)] X 12/7.

Business Line Objectives: Balanced Scorecard

Objectives for this business are in the format of a balanced scorecard.

- **Customers:** Provide customers with timely and consistent services and maintaining as low as possible costs to the customers.
- **Financials:** Improve efficiency and ensure full cost recovery of ongoing daily costs as well as needed periodic capital improvements.
- **Internal Processes:** Streamline internal processes and in FY 2002 or FY 2003 introduce Web based ordering and customized service offerings.
- **Learning and Growth:** Enhance the effectiveness, knowledge, and satisfaction of the Lines' employees.

For more information on these objectives and business line performance measures please go to http://www.ma.mbe.doe.gov/wcf and view the Telephone, Networking and Desktop Five-year Plan.

Service Standards

The HQ service standards for Desktop Maintenance are:

During Business Hours:

- Support service is available from 8:00 a.m. to 5:00 p.m., Monday through Friday. Call **301-903-2500.**

- Response time for service calls during business hours will be on a first-in first-out basis.

- First response for servicing designated high-priority users will be conducted within one hour.

- In those cases where repair cost is expected to exceed replacement cost, the servicing technician will advise the customer to that effect and will not proceed without additional authorization to do so.

Customer Flexibility

Desktop hardware maintenance and software support services are entirely discretionary for all Headquarters elements. Program managers may elect to use these services in whole, in part, or not at all. Furthermore, customers may choose "blanket coverage" (Subscription plans) or "as needed coverage" (Time & Materials plan). Customers may manage Desktop maintenance costs in the following ways:

- Acquire competitive services outside the Working Capital Fund through other program organizations within DOE or directly, through independently negotiated private-sector commercial agreements.
- Manage Workstation inventory. Periodically verify inventory of workstations both under vendor warranty and not under warranty. Update inventory records in the Property Management System (PAMS) on a continuous basis.
- Appoint an organization "first contact" point(s) to perform initial evaluation of service problems and accomplish simple maintenance tasks (e.g., installing printer cartridges, attaching "plug-in" peripherals).
- Promote internal policy encouraging employees to self-perform routine, non-technical "house-keeping" tasks (e.g., checking electric plugs and power switches, locating and testing "reset" buttons, clearing paper jams in printer, obtaining user manuals).

II. PC Help Desk Services:

Service Description

Desktop Support provides shared/common infrastructure hardware and software service at all Headquarters locations for standard workstation configurations. This service is designed to protect personal computers from potentially harmful intrusions, to facilitate interoperability between individual computers and Local Area Networks and to provide technical expertise to the general Headquarters community concerning a wide variety of software applications matters (e.g., installation, performance problems, compatibility). It involves:

- Virus protection, investigation and control as well as media decontamination.
- On-call technical expertise to provide computer technology analysis and consultation for computer support operations administered directly by HQ Program elements.
- Test demonstrations of emerging technology.

Cost Structure

Desktop Infrastructure costs are entirely variable (non-fixed) and severable and totaled about **$753,000** in FY2003 (not all of which will be recovered through the business pricing structure). These costs are comprised of:

- Contractor technical support involved with Virus Protection and Decontamination activities.
- Contractor technical support involved with Adaptive Workstation technology and configuration.
- Contractor technical support involved with Software Applications support through operation of the Infrastructure Support Center (the "Help Desk"). This cost is applied to Desktop Infrastructure @ **50%** of total contractual cost. [The remaining 50% of such costs is applied to Desktop Maintenance activities.]
- Contractor operational support and Applix system maintenance related to tracking maintenance usage data, workstation subscriptions and reporting of detailed customer billing information.
- <u>Not included</u> in the Cost Structure: Replacement and upgrade of DOE-owned equipment and related depreciation of capitalized assets. [To date, no equipment assets have been capitalized on the accounts of this business line and therefore no depreciation expenses are being incurred.]

Pricing Policy

The WCF Executive Board adopted the original pricing policy during two consecutive meetings on April 23 and May 21, 1996, (to be effective in FY1997). It provides that the "full cost" of Desktop Infrastructure is to be recovered by the Desktop Support Service business line through a pro rata allocation of total estimated service costs (see "Cost Structure", above), based upon the number of Personal Computers assigned to each Headquarters program element. The WCF Board updated the Desktop pricing policy on September 16, 1997; however, the revised policy applied to Maintenance Services only, not Infrastructure.

Pricing Method (Billing Calculation)

- Total Desktop Infrastructure costs are estimated prior to the beginning of each fiscal year, based upon the cost components itemized in the "Cost Structure" section above.
- Charge specific business segments; software support, adaptive support, Applix support, decontamination support, and virus support; to programs based on their share of the consumption of these services. The basis for monthly charges will be average actual usage over the past six months; for example, in October the charges for each program will be the average monthly usage for that program over the period April through September 2002.
- Infrastructure allocation charges are assessed at either of two organizational levels, according to customer preference: (1) the Primary Program organization level (Assistant Secretary, Director or Administrator) or; (2) the Office Level or corresponding organizational level immediately subordinate to the Program Assistant Secretary, Director or Administrator. Since the Desktop enterprise is a Headquarters-only support service, no charges are assessed to Field elements or to

HQ LPSO's for Field-related usage.
- Because charges are calculated on a semi-annual basis, it is very likely that both gross monthly charges and per unit rates will be constant from month to month for each six-month period (October - March and April - September).

Billing Cycle

- Help Desk Services charges are compiled each month, based on the average actual usage over the past six months; for example, in October the charges for each program will be the average monthly usage for that program over the period April through September 2002. The WCF Manager between the 5th and 7th workday of the month following the billing period normally issues billings. Since billing is current with respect to costs allocated, there are no accrued charges at the end of the fiscal year.

Budget Estimating Method
- [See "Budget Estimating Method" under Section I., "PC Workstation Maintenance."]

CY Cost Projection Method

- WCF projections of current Fiscal Year (CY) usage and charges are updated monthly and provided as a spreadsheet attachment with each bill (Table III, "Annualized Costs as of [Date]"). Projections are calculated based upon fiscal year-to-date charges annualized. For example, as of the end of April this calculation would be: [7-Month Total Charges (Oct - April)] X 12/7.

Service Standards

The HQ service standards for Workstation Infrastructure are:

During Business Hours:
- Support service will be available from 8:00 a.m. to 5:00 p.m., Monday through Friday. Call **301-903-2500.**

- Response time for PC software support is 15 minutes for high priority occurrences and 30 minutes for normal priority occurrences.

- Response time for virus occurrences and decontamination service is within 1 hour.

Customer Flexibility

Workstation Infrastructure is a "corporate service" that provides a common, standard facility available to all organizational elements at DOE Headquarters. Since this service promotes the welfare of the general community and is potentially of benefit to all programmatic activities, cost allocations are correspondingly spread across the entire community of PC owners. Although infrastructure cost components are somewhat variable (non-fixed) and severable, they are considered to be operationally critical (at a determined level of effectiveness) and thus remain relatively constant over a period of one or more fiscal years. Consequently, customer options for direct reduction in the cost of service is limited. However, customer organizations do have some latitude with respect to controlling their pro rata share of these costs. In so doing, customers may also contribute indirectly to incremental reductions, or even reengineering, of overall infrastructure costs. Customers may manage Workstation Infrastructure costs in the following ways:

- Implement internal policies to reduce vulnerability to virus and other contamination.
- Ensure that appropriate virus detection software is installed on all workstations.
- Manage the proliferation of Adaptive Workstation technology.
- Monitor employee use of Software support.
- Manage development and use of Applix technology.

Points of Contact

Business Line Manager:
Jeanne Beard 202-586-6256

Service Managers:

Hardware	Don Reed	301-903-2372
Software	Penny Gardner	301-903-5413
Virus Protection	Cliff Hoyt	301-903-8708
Adaptive Technology	Alton McPhaul	202-586-1342

For more information, customers are invited to visit the home page of the Desktop business line at http://cio-ops.doe.gov/dir.cfm?id=desktop .

Frequently Asked Questions

Q. Why should my organization use the CIO's Workstation Maintenance service? After all, we can contract directly for service that is dedicated solely to our organization and have more control over technical support response time and effectiveness.

A. We are mindful that responsive and effective service is a matter of concern to our potential program customers. We are also aware that some organizations have chosen to contract directly for dedicated support service. However, we are convinced that our centralized approach to workstation maintenance is the most efficient of the several service options available to customer organizations. The support service contractor responsible for Headquarters Desktop maintenance activities maintains a highly skilled cadre of ADP technicians and management professionals who are knowledgeable in state-of-the-art PC hardware equipment and software applications. This workforce receives up-to-date training on a continuous basis to ensure that diagnostic and problem-solving capabilities are the very latest. The number of personnel involved provides a wide range of comprehensive KSA's; constituting a "resource pool" that is difficult to assemble within the smaller operational scale of most private sector vendors or limited federal staff. Effectively, if one service technician can't fix a machine or performance problem, he/she may call upon several others with varying areas of expertise who, we are confident, will have the combined abilities and experience to resolve virtually any matter successfully.

As for responsiveness, we are constantly monitoring how quickly and effectively workstation maintenance services are provided to our customers. As a matter of routine, we track response times and type of service performed. Although our benchmark response time to service requests is 2 hours, it is not unusual for calls to be answered within 45 to 60 minutes. We also follow-up with customers via either E-Mail or telephone interview to evaluate the efficiency of our Hotline operation and assess the degree of customer satisfaction with our service. This survey approach allows us to immediately identify areas for potential service improvement and to make appropriate adjustments, where indicated, within a short time-frame.

Q. How can I decide which Workstation Maintenance option to elect? I don't have any facts with which to compare the cost of Subscription service with Time & Materials service.

A. We can provide detailed maintenance records for all equipment serviced during the preceding year. That will allow you to determine how many service calls were made and how much repair time was actually spent for the PC inventory assigned to your organization. As a general rule, you may find that the Time & Materials Plan is more economical than the Non-Warranty Subscription Plan because the cost of that subscription is the equivalent of 3 1/3 hours of repair time. Historical records may show that most equipment (even though no longer under warranty) does not require that much attention during a single year. Similarly, for newer equipment (usually less than 3 years old), the cost of the Warranty Subscription Plan is the equivalent of 1 1/3 hours of repair time. Detailed maintenance records should verify that very little, if any, hardware maintenance is required for new machines. While the Warranty Subscription Plan provides convenience in a rather limited number of cases, it is usually more expensive (over a group of several units) than returning one or two a defective units yourself for factory service. If you have access to back-up equipment and down-time is not a factor, the Time & Materials Plan is certainly the more economical for newer equipment.

Q. Do we need to purchase PC equipment and software through the Working Capital Fund?

A. Currently, PC equipment and software are not sold through the Working Capital Fund. However, the CIO will act as the purchasing agent for your organization if you finance the purchase directly by authorizing citation of your funding classifications for the CIO procurement vehicle. Alternatively, your organization may initiate its own procurement instrument, using selection criteria independent of those established by the CIO. In those instances where separate acquisitions are negotiated, it is strongly recommended that, for routine office functions, only standard PC hardware and software be considered.

Q. If my organization buys its own PC equipment and software, do they need to conform to a specified "standard"? Which hardware and software is considered "standard". Which is non-standard? Which software applications are supported by the IT Hot Line service?

A. Use of standardized hardware and software configurations is important to: (1) ensure that technical support service is readily available to respond to equipment and applications performance problems; (2) promote interconnectivity with intra-office Local Area Networks as well as facilitate interface with other workstations throughout Headquarters and Department-wide and; (3) save costs involved with replacement and upgrade of equipment parts and processing capacity. The DOE “Consistent Office Environment Team” is considering comprehensive standards. Current software standards are outlined in the "DOE Software Guidance Profile."

Most equipment advertised as "IBM-Compatible" is considered standard. This includes virtually all well-recognized brand names such as Compaq, Dell, HP, Micron. Standard software applications supported by the IT Service Center include all Microsoft "Office Suite" applications: Excel, Word, PowerPoint, Access, Outlook. Non-standard applications include Quatro Pro, Quiken, Quik Books.

NETWORKING BUSINESS LINE

The Networking Business Line consists of two major enterprise activities: (I) Local Area Network Infrastructure (Headquarters only) and (II) DOEnet Infrastructure (Department-wide).

I. Local Area Network Infrastructure

Service Description

The LAN infrastructure allows automated inter-connectivity throughout DOE Headquarters elements, as follows:

- Infrastructure serves approximately 86 Local Area Network (LAN) segments at the two main headquarters facilities as well as several satellite buildings. There are approximately 8,900 LAN connections throughout all program organizations.
- Infrastructure enables connectivity to Headquarters mainframe systems.
- Infrastructure provides access to the Internet, Electronic mail, and DOE Applications.
- Infrastructure accommodates interface services and communications links to field sites, other government agencies, and public/private business and academic institutions.

Cost Structure

Local Area Networking infrastructure costs are predominately fixed and totaled $3.5 million in FY 2002, composed of:

- Leased telecommunications circuits connecting the Headquarters metropolitan area locations (including the Germantown campus) into the network backbone system;
- Contractual costs for an Internet Service Provider for Headquarters;
- Maintenance of the common network infrastructure components (routers, switches, bridges, etc.);
- Contractor technical support staff who install, operate and repair the various common network components;
- Telecommunications management and integration services. This cost is applied to LAN Infrastructure @ **35%** of total cost. [The remaining 65% of such costs is applied to the Telephone business line.]
- Non-federal administrative ("Business Mgmt.") support functions involved with processing of vendor invoices, record keeping, accounting and financial reporting for business related activities. This cost is applied to LAN Infrastructure @ **6.9%** of total contractual cost. [The balance of such costs is applied to the Telephone and Desktop business lines at 6.9% each and to non-WCF expenses at 79.3%.]

- ADP contractor support involved with converting commercial vendor data files to usage-tracking and customer billing formats (the "Telecommunications Billing System"), including verification and reconciliation of billing data. This cost is applied to LAN Infrastructure @ **17.5%** of total cost. [The balance of such costs is applied to the Telephone business line at 32.5% and non-WCF Field telephone expenses at 50%.]

- Not included in the Cost Structure: (1) Salaries, benefits, personnel services and payroll processing for federal employees who operate and manage the enterprise activities; (2) Building Occupancy and indirect general administrative expenses (communications, PC support, printing, photocopying) necessary to furnish and equip office facilities for both federal and contractor employees located at DOE facilities; (3) Training and Travel expenses for federal employees involved with operation and management of the enterprise activities.[In FY2002 these costs were paid directly by funds allotted for CIO activities and totaled approximately $982,000]
- Not included in the Cost Structure: Replacement and upgrade of DOE-owned equipment and related depreciation of capitalized assets. [In FY2002 amortized depreciation costs totaled **$21,425** for all capital assets]

Pricing Policy

The WCF Executive Board adopted the original pricing policy during two consecutive meetings on April 23 and May 21, 1996 (to be effective in FY1997). It provides that the "full cost" of Networking infrastructure is to be recovered by the Networking business line through a pro rata allocation of total estimated service costs, based upon the most recent available inventory of LAN connections at all Headquarters facilities. The pricing policy was updated by the Board on April 22,1999 (to be effective in FY2000), to include the addition of an Internet Service Provider in the cost and pricing structure of the business.

Pricing Method (Billing Calculation)

- Total LAN Infrastructure costs are estimated prior to the beginning of each fiscal year, based upon the cost components itemized in the "Cost Structure" section above. Also, the Headquarters inventory of LAN connections assigned to each program organization is verified prior to the beginning of the fiscal year and revised continuously throughout the year. Total infrastructure costs are allocated to HQ program elements based upon pro rata share of the total LAN connection inventory on the 25^{th} of each month, at the rate of $1/12^{th}$ the estimated annual cost per month.
- LAN Infrastructure allocation charges are assessed at the Office Level or corresponding organizational level immediately subordinate to the Program Assistant Secretary, Director or Administrator. Since the LAN enterprise is a Headquarters-only support service, no charges are assessed to Field elements or to HQ LPSO's for Field-related usage.
- LAN counts for individual organizations (the allocation ratio numerator) may change frequently. The total number of LAN counts for all customer organizations (the allocation ratio denominator) changes essentially each month. Therefore, it is likely that both gross monthly charges and per unit rates will be somewhat different from month to month.

Billing Cycle

- LAN Infrastructure allocations are compiled every month, based upon revised LAN inventory records. Charges are calculated as of the 25th of each month (for the current billing month) and the WCF Manager between the 5th and 7th workday of the following month normally issues billings. Since billing is current with respect to costs allocated, there are no accrued charges at the end of the fiscal year.

Budget Estimating Method

- Budget estimates are generally developed using the more representative of two historical methods: (1) the sum of actual WCF charges for the most recent 12-month period prior to issuance of the estimates (e.g., the total of May, PY - April, CY, for IRB estimates prepared in May) or; (2) the straight-line projection of actual year-to-date charges for the current FY to extrapolate annualized amounts expected for the current FY (e.g., the total of actual charges during Oct - April times a 7-month annualized, 12/7, for IRB estimates prepared in May).
- WCF budget estimates do not typically include general or presumed inflation factors, although historically-based projections are adjusted accordingly where definite contractual cost increases or decreases are known to impact the future budget year.
- Budget estimates do not typically include potential or proposed changes in business line pricing structures, unless already approved by the WCF Board for the budget year being formulated.
- Extraordinary or unusual changes in usage patterns, customer allocation bases, organizational structures, and customer staffing levels are usually not anticipated in the Fund's estimates (due to insufficient lead time). Similarly, customer purchases of dedicated service and equipment are typically not identified soon enough to be included in Fund projections.
- Budget estimates are provided solely as guidelines for use by program elements in formulating budget requests for Program Direction funding to Congress. Estimates are made available in mid-May for IRB submissions and in mid-August for OMB submissions. Program organizations are not bound by WCF estimates and may choose to develop alternative estimates based upon whatever criteria and assumptions are deemed appropriate. To the extent that program customers can predict deviations from the norm, due to any number of relevant circumstances, WCF estimates should be revised to reflect the budgetary impact of such changes. Similarly, customers may choose to adjust Fund estimates to include an inflation factor or to anticipate possible pricing changes.

CY Cost Projection Method

- WCF projections of current Fiscal Year (CY) usage and charges are updated monthly and provided as a spreadsheet attachment with each bill (Table III, "Annualized Costs as of [Date]"). Projections are calculated based upon fiscal year-to-date charges annualized. For example, as of the end of April this calculation would be: [7-Month Total Charges (Oct - April)] X 12/7.

Business Line Objectives: Balanced Scorecard

Objectives for this business are in the format of a balanced scorecard.

- **Customers:** Provide customers with timely and consistent services and maintaining as low as possible costs to the customers.
- **Financials:** Improve efficiency and ensure full cost recovery of ongoing daily costs as well as needed periodic capital improvements.
- **Internal Processes:** Streamline internal processes and in FY 2002 or FY 2003 introduce Web based ordering and customized service offerings.
- **Learning and Growth:** Enhance the effectiveness, knowledge, and satisfaction of the Lines' employees.

For more information on these objectives and business line performance measures please go to http://www.ma.mbe.doe.gov/wcf and view the Telephone, Networking and Desktop Five-year Plan.

Service Standards

The HQ service standards for LAN infrastructure are:

During Business Hours:

- The normal business hours of attended LAN Operations support services will be from 6:00 a.m. to 9:00 p.m., Monday through Friday.
- Response time for LAN availability during business hours will be within 2 hours for mission critical hardware problems.
- Response time will be within one business day for non-mission critical hardware problems.

After Business Hours:

- HOTLINE response after 9:00 p.m. will be within 30 minutes for multi-user LAN problems.

Customer Flexibility

LAN Infrastructure is a "corporate service" that provides a common, standard facility available to all organizational elements at DOE Headquarters. Since this service promotes the welfare of the general community and is potentially of benefit to all programmatic activities, cost allocations are correspondingly spread across the entire community of connected users. Because the cost components necessary to support this infrastructure are relatively fixed, customer options for direct reduction in the cost of service is limited. However, customer organizations do have some latitude with respect to controlling their pro rata share of these costs. In so doing, customers may also contribute indirectly to incremental reductions, or even reengineering, of overall infrastructure costs. Customers may manage Networking costs in the following ways:

- Manage LAN inventory to minimize connections to the common infrastructure.
- Periodically verify inventory of LAN connections and update changes on a continuous basis.
- Request removal of LAN lines no longer needed and reassignment of those transferred to another organization.

II. DOEnet Infrastructure

Service Description

DOEnet infrastructure is a centrally managed Wide Area Network that provides a common, standard facility to carry business related data, DOE-wide. It is available to all organizational elements and locations choosing to connect to it. General service characteristics are:

- DOEnet currently provides connectivity to approximately 40 sites using Asynchronous Transfer Mode (ATM) technology. Other sites may be added in the near future.
- ATM technology allows the eventual integration of data, voice, and video traffic on the same network, thereby reducing costs.
- Centralized network management provides higher reliability, improved trouble-shooting capabilities, greater operational efficiencies, and increased accountability.
- Each DOEnet site adheres to a uniform connection policy to ensure an acceptable minimum level of security. Network traffic will not pass through public Internet channels and will, therefore, be less subject to interception or unauthorized disclosure.
- DOEnet provides site users the ability to access computer platforms and DOE corporate systems located at DOE Headquarters as well as other DOE sites

Cost Structure

DOEnet Infrastructure costs to DOE customer organizations were $2.74 million in FY 2002 and have been budgeted to remain at that level pending Board review. Business line expenditures covered by these revenues include:

- Leased telecommunications circuits which provide the needed bandwidth;
- Leased site hardware components (routers);
- Contractor technical staff who install and maintain the network hardware/software components and monitor network performance;
- Non-federal administrative support functions involved with compiling system usage data, preparing customer billing, and maintaining records for business related activities.
- <u>Not included</u> in the Cost Structure: (1) Salaries, benefits, personnel services and payroll processing for federal employees who operate and manage the enterprise activities; (2) Building Occupancy and indirect general administrative expenses (communications, PC

support, P&G, photocopying) necessary to furnish and equip office facilities for both federal and contractor employees located at DOE facilities; (3) Training and Travel expenses for federal employees involved with operation and management of the enterprise activities. [Currently, there are no costs of this type associated with DOEnet infrastructure.]

- Not included in the Cost Structure: Replacement and upgrade of DOE-owned equipment and related depreciation of capitalized assets. [Currently, no amortized depreciation costs related to DOEnet capital equipment are being incurred as a WCF business expense since those assets were originally purchased as non-Fund transactions and have not been transferred ("written-on") to the books of the Networking Business.]

The Office of the Associate CIO for Operations to identify opportunities to make service improvements and maximize operating efficiencies periodically reviews DOEnet process elements. By finding economies and downsizing cost components, overall cost reductions (4.2%) were realized during FY2002. Two independent groups with broad customer representation, the IT Working Group (chartered by the WCF Executive Board) and the Associate CIO Council, exercise evaluation and advisory roles in partnership with CIO Business Line management and operating staff.

Pricing Policy

The WCF Executive Board adopted the original pricing policy on July 26, 2000, (to be effective in FY2001). It was a provisional policy that authorized the "full cost" of DOEnet infrastructure to be recovered through a pro rata allocation of total estimated service costs, based upon DOE-wide on-board staffing at the beginning of FY2001 (excluding BPA and FERC). That the Board superseded pricing policy on March 29, 2001 (to be effective in April, 2001), to provide for pro rata allocation of total estimated service costs based upon measured transmission usage over the system. For measured usage related to the corporate personnel system (CHRIS), costs were to be further suballocated to all benefiting DOE program elements, based upon on-board staffing at the beginning of the fiscal year.

Pricing Method (Billing Calculation)

- Total DOEnet Infrastructure costs are estimated prior to the beginning of each fiscal year, based upon the cost components itemized in the "Cost Structure" section above.
- For use in calculating the allocation of CHRIS usage, DOE-wide on-board staffing is determined as of the beginning of the fiscal year and is compiled by primary program organization for all DOE elements. For this purpose, staffing at non-Headquarters locations is aligned with: a) the Lead Program Secretarial Office (LPSO) with designated oversight for each location (for non-NNSA employees) or; b) the Office of Defense Programs (for NNSA employees). Staffing counts are the same as used for the Payroll and Personnel (CHRIS) enterprises and Program population ratios derived from this on-board count remain the same for the entire fiscal year (BPA and FERC staffing are excluded from the ratios).
- DOEnet charges for both program-related usage and CHRIS pro rata allocation are

assessed at the Primary Program organization level (Assistant Secretary, Director or Administrator). Since the DOEnet enterprise is a DOE-wide support service, charges are assessed to HQ LPSO's for Field-related usage.

C Charges for DOEnet are based on the total of: (1) program-related usage costs (assessed for all DOE sites connected to DOEnet) and; (2) pro rata allocation of the Corporate Human Resource Information System (CHRIS) usage costs (assessed for all DOE sites serviced by HQ personnel/payroll activities, whether connected to the DOEnet or not). A detailed description follows:

A. Measured Usage by Transmission Owners: Monthly charges are calculated, in total, as 1/12 of estimated annual infrastructure costs (see "Cost Structure" above). Monthly charges are allocated to system users, including nation-wide Field sites, based upon pro rata system usage over the latest available 6-month period (see "Rolling Total", section D, below). Program usage is determined in either of two ways: a) For Headquarters elements, resource time consumed will be assigned directly to the Program organization that originates each transmission; b) For non-HQ sites, resource time consumed for each transmission will be divided equally between sending site and receiving site; the result will then be assigned to the Lead Program Secretarial Office (LPSO) for each site. For purposes of tracking DOEnet usage, CHRIS is treated as a distinct "program user". CHRIS usage is included in the overall 6-month "rolling total" compilation and pro rata usage charges are computed in the same manner as for all program customers, based upon a usage allocation ratio. Subsequent to each month's calculation of CHRIS pro rata usage costs, the resulting charges are allocated to all program elements serviced by the HQ Personnel function (see "Allocation of Personnel System", section B, below).

B. Allocation of Personnel System (CHRIS) Usage: CHRIS is a "corporate" system application and it's usage of DOEnet is considered to be of general benefit to all DOE elements supported by the Headquarters Personnel function. Accordingly, DOEnet usage charges incurred due to transmission of CHRIS-related data are "suballocated" to all DOE program organizations (HQ and Field, excluding BPA and FERC). Total monthly charges are the CHRIS pro rata share of total monthly usage charges (see section A above) and are allocated based upon relative proportion of on-board staffing at the beginning of each fiscal year (second bullet above). Such charges allocated to non-HQ locations are assessed to the Lead Program Secretarial Office (LPSO) for each site, as appropriate for NNSA and non-NNSA alignment (second bullet above).

C. Calculation of 6-Month "Rolling Total": For DOEnet usage charges, monthly pro rata allocations are calculated using a ratio with: a) as the numerator, each transmission owner's total usage over the most recent available 6-month period and; b) as the denominator, the total usage for all activity (including CHRIS) over the same period. Each billing month, the 6-month totals are updated by adding usage for the latest available month of activity and subtracting usage for the seventh month prior to the latest month (i.e., the oldest month of the previous 6-month period). The latest available month of activity is expected to be one month prior to the current billing month (e.g., the 6-month total applied to usage allocations for April billing will include activity measured during October - March).

Billing Cycle

- Program-related DOEnet usage is compiled and billed monthly, with an average one-month delay between the latest available usage period and the billing period (e.g., June billing is based upon 6 months average usage through May). CHRIS usage allocations are also calculated monthly and are also subject to an average one-month delay. In each FY, the Networking billing for August includes accrued (estimated) charges for one month (September) of DOEnet usage, as well as actual charges for July. [Note: actual charges for August appear in the September bill.]. In the next FY, actual charges for September usage appear in the October bill along with reversals of the September estimates previously billed. Because of this accrued billing method, charges reflected in the October bill are nearly negligible, since actual costs are netted with accrued estimates and only the difference is apparent. Correspondingly, charges reflected in the August bill are approximately 2 times those of an average month.

Budget Estimating Method

- [See "Budget Estimating Method" under Section I., "Local Area Network Infrastructure."]

CY Cost Projection Method

- WCF projections of current Fiscal Year (CY) usage and charges are updated monthly and provided as a spreadsheet attachment with each bill (Table III, "Annualized Costs as of [Date]"). Projections are calculated based upon fiscal year-to-date charges annualized. For example, as of the end of April this calculation would be: 7-Month Total Charges (Oct - April) X 12/7.

Service Standards

Transmission and hardware components of the DOEnet (the circuits/leased lines and routers) are designed to provide 99.9% uptime reliability. DOEnet Operational Network uptime reliability is 99.9% for end-to-end port availability and data delivery rate. Circuit availability is determined by GSA FTS2001 contract. The HQ service standards for DOEnet are:

During Business Hours:

- The normal business hours of attended DOEnet operations support services will be from 8:00 a.m. to 5:00 p.m., Monday through Friday. A service representative may be contacted at **(877) 823-3205.**
- Service response times depend upon the priority of service involved, as follows:
  - Within 2 hours for Severity Level 1 ("Outages"). Examples include: circuit down, circuit bouncing, circuit slow response, and multiple sites down/OOS.

- Within 4 hours for Severity Level 2 ("Impaired Service").
- Within 8 hours for Severity Level 3 ("Service Related"). Examples include: line errors/garble, intermittent line bouncing, and slow response.

C Hardware response times vary according to circumstance, as follows:
  - Within 4 hours for mission critical hardware problems, in those cases where spare parts are on hand.
  - Within 8 hours, where spare parts must be ordered.
  - Within one business day for non-mission critical hardware.

C After Business Hours: DOEnet service response time after 5:00 p.m. will be within 6 hours.

Customer Flexibility

Some of the traffic over this facility is generated by and related to specific program mission activities. Other traffic is generated by "non-Program" users and is considered to be "corporate" in nature (e.g., Personnel, Accounting). Since corporate usage promotes the general welfare of the entire DOE community and is potentially of benefit to all programmatic activities, a portion of infrastructure costs (related to CHRIS usage) are allocated to all program elements. With respect to charges associated with corporate usage costs (currently about 28% of total infrastructure costs), allocation is based upon on-board staffing (at beginning FY) and therefore is essentially fixed over the course of a single fiscal year. Also, site costs are not effected by relative allocation of port bandwidth. However, customer organizations do have some latitude for directly controlling the cost of program-related service. In so doing, customers may also contribute indirectly to incremental reductions, or even reengineering, of overall infrastructure costs. Customers may manage DOEnet costs in the following ways:

C Field sites may choose not to connect to the DOEnet system (i.e., not to install a port).

C All customers, HQ and Field, may implement policies to limit generation (and even receipt) of transmissions via the system.

C Limit use of remote central file servers.

C As an alternative to DOEnet, transmit information via the Internet (in cases where data sensitivity is not a concern).

Points of Contact

Business Line Manager:
Carlos Segarra 202-586-3111

Service Managers:

DOEnet	Rich Otis	301-903-5310
HQ LANs	Rickey Hall	301-903-8022

For more information, customers are invited to visit to CIO web site for the Network business at http://cio-ops.doe.gov/dir.cfm?id=network .

Frequently Asked Questions

Q. Why aren't LAN charges based upon actual usage rather than number of connections?

A. LAN usage by individual Program elements is currently not measured. Although it is possible to do so, tracking of LAN traffic would require installation of specialized system software, at very considerable cost. During past discussions, the consensus of the IT Working Group has been that the potential benefit of implementing such measurement capabilities does not sufficiently justify the additional cost.

Q. How do I verify the number of LAN connections assigned to my organization?

A. As part of the negotiated Customer Service Agreement with your organization (or at any time upon request), the Networking business line will furnish you with its most recent available inventory listing of LAN connections. That listing will indicate the location of each connection and the individual to whom it is assigned. You may use the listing to confirm some or all of the connections indicated and notify the designated business line contact of suspected discrepancies.

Q. What provisions are included in standard Customer Service Agreements and how often are such agreements negotiated with my organization?

A. Service Agreements include: (1) a description of the subject service to be provided; (2) the standards of quality, timeliness and reliability for which service providers are responsible; (3) technical service specifications (where applicable) and; (4) any measurements or inventory counts that pertain to the authorized business pricing policy or billing methods (e.g., number of workstations, telephone lines, LAN connections). Successfully negotiated Service Agreements also contain the signature of appropriate approving representatives for both the lead Program customer organization and the WCF enterprise activity. These agreements are typically documented once each fiscal year, prior to October 1. However, in those instances where a Service Agreement has not been "renewed" for the next FY, either: a) the most recent documented Service Agreement will be in effect, provisionally (when it is clearly understood that service will continue) or; b) service may be discontinued at the unilateral direction of an authorized Program official or the Business Line Manager (for those activities where service is severable).

Q. If expected service standards are not met, will customers be compensated in some form; e.g., through a partial refund of charges or with expedited/overtime service to mitigate delays. Will service providers be held accountable?

A. As a general policy, the WCF does not issue refunds except where errors in billing computation have occurred or where customer advances exceed actual annual charges. This is because WCF business lines do not earn a profit and have no "corpus" with which to absorb unbilled/unallocated costs. To the extent that one or more customers do not pay incurred costs, those costs (unless relatively minor) must be covered in some other way during the current FY or the next. Potentially, that would require adding unreimbursed costs into unit rates or spreading the revenue shortfall as an allocation to all other customers. In other words, it would involve the equivalent of either "contingent overpricing" or an "insurance policy", financed by the general WCF customer community. The WCF Executive Board has adopted neither approach.

However, in those cases where service standards are not met, leading to a material loss of productivity, and incurred costs are reduced by the contracted service provider as a result, those cost reductions will be applied by the business line as a credit to any and all customer organizations adversely effected by insufficient performance. In addition, the Business Line Manager and operating staff will pursue every reasonable option to restore service to standard levels as quickly as possible and, to the extent feasible, apply all available resources to compensate for performance deficiencies and lost time.

With respect to accountability, outside vendors involved in providing WCF services are responsible for unsatisfactory performance through applicable provisions of the contractual agreement that governs their working relationship with the Department. Federal business line managers and staff are held accountable for unsatisfactory performance in the same ways that all DOE employees are: through semi-annual ratings against established performance standards and, when warranted, appropriate progressive disciplinary action.

Q. Is DOEnet the most cost effective approach for intra-DOE data transmission? What alternatives are there?

A. The Business Line Manager, in coordination with the IT Working Group, is planning to undertake an assessment of the projected usage and long-term viability of the DOEnet system. It is possible that the CHRIS personnel system, which comprises approximately 28% of current DOEnet traffic, may discontinue its use of the system at some point during the next year or two. To continue to be cost-effective in that event, a) system traffic among other customers would need to increase commensurately and/or; b) significant additional operating economies would need to be identified. The only comparable alternative to DOEnet is use of the Internet; however, DOEnet is a secure transmission network while Internet is not.

Q. My organization doesn't use DOEnet - why do we incur charges?

A. Consistent with the WCF Board approved pricing policy, DOEnet usage related to the DOE corporate personnel system (CHRIS) is charged to all program elements and site locations that benefit from its applications (whether connected to DOEnet or not). Although some organizations do not send or receive program information via DOEnet, they will nonetheless incur allocated charges for CHRIS activity, based upon pro rata on-board staffing at the beginning of the fiscal year.

CONTRACT CLOSEOUT SERVICES BUSINESS LINE

Services Description

Upon the expiration of each instrument type, namely purchase orders; firm fixed price contracts; interagency agreements; financial assistance instruments; and cost reimbursement contracts, the closeout process assures that all terms and conditions of the instrument have been fulfilled, all financial information has been submitted and evaluated, final payment has been made, any remaining funds have been deobligated, and the instrument is administratively retired from the Procurement Automated Data System (PADS). The retired instrument is boxed and stored locally or shipped to a federal storage facility.

Pricing Policy

The pricing policy is described below. The customer may choose one of three pricing options regarding contract closeout services:

	Base Level Service	Unit Cost
(1)	Purchase Order	$ 240
	Firm Fixed Price	$ 240
	Interagency Agreement	$ 320
	Financial Assistance	$ 440
	Cost Reimbursement	$4,960

This is the standard pricing option the customer may choose by applying the unit cost to the number and type of instruments to be retired. The unit cost was developed by applying the number of hours to retire an instrument to the average hourly loaded rate, i.e., for a purchase order (6 hours x $40/hour = $240).

	Additional Directed Service	Unit Cost
(2)	Purchase Order	$ 540
	Firm Fixed Price	$ 540
	Interagency Agreement	$ 720
	Financial Assistance	$ 1,020
	Cost Reimbursement	$11,160

This pricing option is at a premium cost based upon the incremental staffing hours applied toward the retirement of these instruments.

(3) Dedicated Service

Dedicated Service is priced at $31,200 for a three month period. There are no unit prices for this service.

Billing

The Contract Closeout Business Line is billed monthly. Charges are for actual instruments closed at the rates set forth in the Pricing Policy section.

Budget Estimates

The universe of available physically completed (expired) instruments for each fiscal year will be reviewed to determine which of those instruments can be targeted for retirement during that year. Budget estimates will be based upon one of three methods used. They are:

C Each customer's budget estimate for the following fiscal year will be based on the actual number of instruments retired, by category, in the preceding year; or

C Estimates may be based on the number of instruments targeted for retirement during the year; or

C Estimates may be based on an amount negotiated between the customer and the Office of Headquarters Procurement Services.

Business Line Objectives: Balanced Scorecard

Objectives for this business are in the format of a balanced scorecard.

- **Customers:** Provide competent and accurate closeout of targeted instruments.
- **Financials:** Improve the availability of funding to programs.
- **Internal Processes:** Improve contract closeout to accommodate changing contract types.
- **Learning and Growth:** Improve knowledge, skills, and abilities of staff and improve business systems that support the business line.

For more information on these objectives and business line performance measures please go to http://www.ma.mbe.doe.gov/wcf and view the Closeout Five-year Plan.

Service Standards

The standard lead times for Contract Closeout Services for each instrument type are as follows:

Type of Instrument	Standard
Purchase Order	6 hours
Firm Fixed Price	6 hours
Interagency Agreement	8 hours
Financial Assistance	11 hours
Cost Reimbursement	124 hours

Management Flexibility

The customer can choose any of the three pricing policies listed above to determine contract closeout services costs. The customer also can save money by electing to use firm fixed price contracts rather than cost reimbursement instruments whenever possible.

Points of Contact

The following persons should be contacted regarding Contract Closeout Services.

Business Line Manager:	Jeffrey Rubenstein	(202) 287-1516
Service Point of Contact:	Deborah Black	(202) 287-1416

PAYROLL BUSINESS LINE

Services Description

Payroll Services: Prepares civilian payrolls based on authenticated documentation. Computes, deposits, and reports Federal, State, and local income taxes. Maintains employee records related to Civil Service and Federal Employees Retirement Systems (CSRS and FERS), reports retirement information to the Office of Personnel Management (OPM), and performs reconciliation of account balances with OPM and Treasury. Accounts and reports employee's health benefit coverage, thrift savings plans, and unemployment compensation, among other non salary employee payments. Maintains donated leave subsystem. Maintains and operates the Department's system of allocating payroll costs to the proper appropriation.

Pricing Policy

The WCF Board FY 2003 pricing policy for this Business Line allocates fixed costs based on the number of employees on board in each organization at the beginning of the fiscal year. Total cost of the Payroll operation for FY 2003 is $3.1M. Program costs for this business line will be calculated based on an annual unit charge of $ 447.52 per employee.

Billing Cycle

Charges for this business line will normally be billed annually at the beginning of each fiscal year.
During periods covered by a continuing resolution, the Board has authorized the Fund Manager to defer revenue collection within the fiscal year.

Payroll Business Objectives: Balanced Scorecard

Objectives for this business are in the format of a balanced scorecard.

- **Customers:** Ensure that DOE employees are paid accurately and in a timely manner and that supervisors and financial resource managers receive value added reports.
- **Financials:** Develop and execute plans to implement a new payroll system that is most cost effective to all DOE stakeholders.
- **Internal Processes:** Evaluate and/or reengineer policies, procedures, and business practices to complement the payroll system modernization initiative.
- **Learning and Growth:** Develop and implement strategies to deploy technology and training to employees, administrative staff, and supervisors so that they become integral partners in the payroll modernization process.

For more information on these objectives and business line performance measures please go to http://www.ma.mbe.doe.gov/wcf and view the Payroll Five-year Plan.

Service Standards

Payroll Payments - 99.9% on time and accurate (consistent with current excellent performance)

Electronic Payments - 96% (Federal Standard for 1997 was 94%)

Management Flexibility

Individual Departmental customers do not have an option of where to buy payroll and personnel services. These decisions are managed corporately at the Secretarial level. However, customers can, through Board management, insist on efficient operations from the business line managers.

Points of Contact

Business Line Manager George Tengan 301-903-5878

For more information, customers are invited to visit the Payroll home page at http://www.hr.doe.gov/cfo/pay.html .

CHRIS BUSINESS LINE

Services Description

Personnel Information: The Corporate Human Resource Information System (CHRIS) is a nation-wide operational system within the Department of Energy that serves as the official system of record for human resource management information for all DOE employees. CHRIS is the foundation for the Enterprise Human Resources initiative in the Department's FY 2004 budget. CHRIS has been operational since September 1998 and continues to evolve as the corporate solution for many strategic and operational human capital management issues. The CHRIS project supports the Administration's strategic human capital management initiative and expands e-government within DOE. The CHRIS enterprise solution combines the highly skilled professionals of the Department with electronic workflow and other best practices in work processes with a web-based IT architecture and suite of software applications based on a world class commercial off-the-shelf (COTS) product (PeopleSoft 8).

The CHRIS project has expanded over the years to include an integrated modernization approach to meet human resource, training administration and information processing requirements; Employee Self-Service capabilities; an automated on-line vacancy application system (QuickHire), critical core competency certification processes, SF-52 tracking and on-line paperless transaction requests with electronic signatures (workflow).

The CHRIS system is a mixed life-cycle system. Each year, DOE extends the functionality of the system so the project core is in operations and maintenance mode while the new functionality is going through the development part of the project life-cycle. System activities under the CHRIS umbrella include interface with the legacy payroll system (modernization efforts underway for payroll, timekeeping, and labor distribution are now managed separately from the CHRIS Project based on the final decision to outsource these functions); development and implementation of PeopleSoft COTS to support personnel and training processing and information; provision of Employee Self-Service (ESS) which provides web-based access at the employee desktop to personnel and payroll information and the capability to update certain personal information; and interfaces with DOEInfo, the Department's data repository for human resource and payroll information and DISCAS, the current financial management system.

Pricing Policy

The WCF Board FY 2003 pricing policy for this Business Line allocates fixed costs based on the number of employees on board in each organization at the beginning of the fiscal year. The WCF plans to provide $2.2 M for the Personnel Business Line operation.

Billing Cycle

Charges for this business line are normally billed annually at the beginning of each fiscal year. The Board has authorized the Fund Manager to defer a portion of this billing within the fiscal year to accommodate the delays in obtaining final appropriations.

CHRIS Business Objectives:

The goals of the CHRIS System are to provide the highest quality human resource management information and services to the Department of Energy's managers, employees and human resource/training professionals and to operate the official HRM system of record in a cost-efficient manner.

To achieve these goals, the Department's primary objectives for CHRIS are to:

- provide superior customer service through strong teamwork, effective problem solving and timely responses
- protect the integrity and security of the HRM data
- enhance operational efficiencies
- reduce paperwork
- eliminate redundant information systems
- eliminate non-value added work
- provide information necessary to make sound human resource decisions.

Service Standards

Employee Self Service system is used for 75% or more of all HRM transactions.

The automated recruitment system based on QuickHire is used for at least 85% of all actions.

At least 95% of all subagencies have activated electronic workflow functionality.

Management Flexibility

Individual Departmental customers do not have an option of where to "buy" personnel services. Personnel services are part of the portfolio of decisions that are managed corporately at the Secretarial level. However, customers can, through Board management, provide constructive feedback about trends and level of quality of existing services and new requirements for additional services. Another key role for customers is to provide executive sponsorship of the system and to encourage their employees and staff to use the new capabilities of the system rather than the old paper-based methods. The CHRIS Project Office will continue to work with all customers to ensure that the latest training support and information about system benefits are widely disseminated and understood. The stream of benefits to the Department from the various services of CHRIS such as the shift to a paperless environment from the electronic workflow functions can be accelerated if their use is made mandatory, or at least strongly encouraged.

Points of Contact

CHRIS Project Manager	Michael B. Fraser	202-586-1910
HRMS and Benefits Team Leader	Enid Levine	202-586-1194

For more information, customers are invited to visit the CHRIS home page at http://chris.inel.gov .

ONLINE LEARNING BUSINESS LINE

The Energy Online Learning Center (OLC) is a web-based training commercial off-the-shelf (COTS) system that provides access to online learning and training. The goal of this effort is to use technology to deliver learning activities to the desktop wherever such delivery can be demonstrated to improve learning outcomes and reduce costs independently or in combination with other training methods.

Service Description

The OLC resides on a server located at the vendor's (Meridian KSI, Inc.) office location. The OLC offers a large inventory of courses. Over 800 self-paced business, management, and leadership courses and over 800 information technology courses have been made available. These courses are procured through a Memorandum of Understanding (MOU) with the National Security Agency (NSA). The NSA negotiated a contract with the course vendors, SkillSoft and NetG, to obtain commercial off-the-shelf online courses for Federal agencies at a reduced cost. There are also some DOE-specific courses that have been made available to employees. Additional DOE courses will be posted on the OLC in the future.

In addition to online learning, the OLC offers other training related functions that include an administration function allowing the user to have access to transcript information consisting of a list of courses accessed, courses completed, credit hours earned, test scores and course evaluations. There is also a reporting capability, sorted by organization, of employee training related data and information. Other functions of the OLC offer knowledge management capabilities such as technical papers, presentations, videos, DOE standards and guidelines, reference materials and information and other learning materials.

Employees have access via the Internet to OLC courses and other functions for a full year. Employees can access unlimited courses as many times as needed during the year. Customers enjoy the convenience of completing learning activities on demand.

Cost Structure

Fixed Base Costs

Meridian KSI Vendor	
Annual Maintenance Fee	$10K
Annual Knowledge Center Hosting Fee	$15K
Site Customization	$84K
-User and Security Controls	
-Course Postings and Links	
-OLC Data Transfer to CHRIS	
Total	**$109K**

Variable Costs

National Security Agency MOU

SkillSoft Courses	$35 per user per year unlimited access to courses
NetG Courses	$40 per user year unlimited access to courses

Course Preparation : The business line may negotiate fees with customer organizations to prepare curriculum material or convert material to make is usable as part of the OLC system.

Pricing Policy

The Department approved to fund the Energy OLC in the Working Capital Fund in FY2002. The costs include hosting and maintaining the OLC system, system customization, user and security controls, course posting, and courses offered on the OLC. The OLC will offer three core curricula to include: 1) SkillSoft courses for business, management and leadership skills, 2) NetG courses for information technology skills, and 3) DOE specific courses to meet Department specific needs.

Costs for the OLC are to be recovered through a fixed base annual cost paid by participating DOE organizations plus the cost per user for course access. In addition, in December 2002, the Working Capital Fund Board authorized the Business Line to negotiate agreements woth customers to prepare course materials for inclusion in the Center.

Billing Cycle

Fixed costs and initial subscriptions will be billed in October. Subsequent subscriptions will be billed quarterly.

Budget Estimating Method

The budget for upcoming years is determined by using historical data for the most recent fiscal year with additions or subtractions to account for any changes in the pricing policy that affect the budget year. Business costs that are charged to customers include fixed charges and variable subscription charges. Fixed charges are allocated to customer budgets based on the respective percentage usage of the amount of subscriptions utilized by each program customer in the prior fiscal year.

CY Cost Projection Method

Fixed charges occur once and customer subscriptions cannot be anticipated, so cost projections in the current fiscal year are equal to the spending year-to-date for each customer account.

Business Line Objectives: Balanced Scorecard

Objectives for this business are in the format of a balanced scorecard.

- **Customer**: Provide capability to access, complete, test, evaluate on online courses
- **Financial:** Provide access to low cost, just-in-time training
- **Internal Processes:** Provide the ability to access OLC training records on the Departments system of records
- **Learning and Growth:** Improve the knowledge, skills, and abilities of the OLC staff

For more information on these objectives and business line performance measures please go to http://www.ma.mbe.doe.gov/wcf and view the OLC Five-year Plan.

Service Standards

The OLC customer base includes all federal employees. The OLC will provide high quality, standardized, cost-effective learning opportunities on a much more timely basis to employees. Some of the expected benefits are as follows:

- Employees Department-wide will have access to the OLC 24 hours a day, 7 days a week, 365 days a year from their office, home or wherever the employee has web access.
- Consistent training content and delivery provided across the Department
- High quality, cost effective training delivery
- Cost savings realized as a result of reduced travel and learning time

Customer Flexibility

DOE Training is a highly competitive environment with university and other institutional programs, government and private training vendors, and other online training facilities. Participation in the Online Learning Center is entirely voluntary for our program customers.

Points of Contact

Business Line Manager:
Tanya Luckett 202-287-1655

For more information, customers are invited to visit the On-Line Learning Center web site at http://www.energyolc.com/kc/login/login.asp?kc_ident=pk001g.

Frequently Asked Questions

Q. How would a program customer estimate its OLC funding requirement?

A. The Office of the Administrator, EIA, had 60 users in the pilot program, which correlates to 5.36% of total users. That percentage of the fixed costs of $109K is $5,846.

In FY02, EIA decides to have 100 users with access to OLC, all of them having SkillSoft access and 40 of them having access to NetG in addition to SkillSoft. The course costs would be:

100 x $35/user = $3,500
40 x $40/user = $1,600

The total annual cost for this level of usage would be $ 10,946.

Q. Can Field personnel participate in Online Learning?

A. The Online Learning is available to Field personnel. If the training officer at the field site determines that a DOE employee in the field would benefit from this training opportunity, they can access Online Learning by way of the same subscription process available to headquarters. A funding mechanism has been developed to facilitate field use of the Working Capital Fund for Online Learning and it is described in the preceding section titled “Billing”.